

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**NANDI COUNTY FACILITIES
IMPROVEMENT FUND**

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

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

Revised 30th June 2024



NANDI COUNTY FACILITIES IMPROVEMENT FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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



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Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Table of Content

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. Board of Trustees/ Fund Administration Committee	vi
4. Management Team	ix
5. Report of the Fund Administrator	xi
6. Comparative budget estimates and actual collections FY 2023-2024	xi
7. Statement of Performance against the County Fund's Predetermined Objectives	xii
8. Corporate Governance Statement	xiii
9. Management Discussion and Analysis	xv
10. Environmental and Sustainability Reporting	xvii
11. Report of the Trustees	xix
12. Statement of Management's Responsibilities	xx
13. Report of the Independent Auditor on the Financial Statements for Facilities Improvement Fund	xxi
14. Statement of Financial Performance for the Year Ended 30 th June 2024	1
15. Statement of Financial Position As at 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2024	4
17. Statement of Cash Flows for the Year Ended 30 June 2024	5
18. Statement of Comparison of Budget and Actual Amounts for the Period 2024	7
19. Notes to the Financial Statements	8
20. Annexes	39

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
KCRH	Kapsabet County Referral Hospital

b) Glossary of Terms

Fiduciary Management - The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

The Nandi County Facilities Improvement Fund (NCFIF) is established by and derives its authority and accountability from The Nandi County Facilities Improvement Fund Act, 2022 gazetted on 1st November 2022. The Fund is wholly owned by the County Government of Nandi and is domiciled in Kenya.

The fund’s objective is to provide for a framework to allow the Health sector and health facilities retain monies received in accordance with provisions of section 109 (2) (b) read with section 116 (1) of the Public Finance Management Act, 2012;

The Fund’s principal activity is to provide funding for the day to day operations of hospitals and health facilities;

The act provides that 70% of the resources of the Fund shall be retained within the collecting facilities while 20% of the funds shall facilitate Primary healthcare facilities and 10% of the funds shall be used as administrative services: Provided that levels 2 and 3 are exempted from this ratio/formula.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide for a framework for performance based financing of health service in the County in order to—

- i. Sustainably operate, maintain, equip, rehabilitate health facilities and procure Emergency medical supplies in hospitals and health facilities in the county;
- ii. Enhance participation of relevant stakeholder and host communities in the planning and management of health facilities and hospitals located in their jurisdiction;
- iii. create incentives for hospitals and health facilities to sustainably generate resources;
- iv. provide funding for the day to day operations of hospitals and health facilities;
- v. provide for financing of preventive and promotional healthcare services;
- vi. provide immediate funds for health relate emergencies and disaster; and

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Abdi Hussein	Chairman
2	Ruth Koech	Member
3	Fredrick Kiptum	Member
4	Priscah Jephchirchir	Member
5	Dr. David Bungei	Secretary
6	Dr. Jonah Maswai	Member
7	Rev. Dr. Peter K. Rono	Member
8	Patrick Chemigin	Member
9	Philip Kogo	Member

Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10	Fredrick Lagat	Member
11	Sarah J. Kosgei	Member
12	Nehemiah Chumba	Member
13	CPA Julius Kemboi	Fund Administrator

d) Key Management Steam

Ref	Name	Position
1	Fredrick Kiptum	Chief Officer Health and Sanitation
2	Dr. David Bungei	Director Health Services
3	Philip Kogo	Director Health Administrative Services
4	CPA Julius Kemboi	Fund Administrator

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	CPA Maiyo
2	County Assembly of Nandi	All
3	Office of Auditor General	

f) Registered Offices

Registered Offices

P.O. Box 802-30300
 Department of Health and Building
 Near Kapsabet Law Courts
 Kapsabet, KENYA

g) Fund Contacts

P.O. Box 802-30300

Department of Health and Building
 Near Kapsabet Law Courts
 Kapsabet, KENYA

h) Fund Bankers

National Bank of Kenya
Kapsabet Branch
P.O. Box 60000
City Square 00
Kapsabet, Kenya

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 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

The County Attorney
County Government of Nandi Headquarters
P.O. Box 802-30300
Kapsabet, Kenya

3. Board of Trustees/ Fund Administration Committee

There is established Nandi County Facilities Improvement Fund Board comprising of Chairperson, Secretary and eleven members appointed by H.E The Governor, Nandi County as per the Nandi County Facilities Implementation Fund Act, 2022.

Name	Details of qualifications and experience
Abdi Hussein – Chairman	He is a Director at Nandi Tea Estates, a position he has held for over ten years. He is a holder of a degree in Business Administration and has served the community in various positions and also an entrepreneur.
Ruth Koech – Member	She is the CECM Health and Sanitation a position she has held since 2018. Holds a Master’s degree in Public Health as well as a registered Nurse. She has served as a board member of Kapsabet County Referral Hospital and several other boards. He has vast experience in management
Fredrick Kiptum – Member	He was appointed as the Chief Officer on 20 th march 2023. He is a graduate of Bachelor of Science in Microbiology and Biotechnology from the University of Nairobi. Previously worked as a Director Health Administration, Planning and Finance and also Sub County Administrator in Nandi hills. He has also worked in safaricom PLC 2008-2011. Mr. kiptum has vast experience in Public Service Management and Administration.
Priscah Jepchirchir	She was appointed as the Chief Officer on 20 th March 2023. Holds a degree in Business Management and a certified public accountant in good standing. Previously served as head of budget and District Development Officer prior to devolution. She has vast experience in public finance management.
Dr. David Bungei – Secretary	He was appointed as County Director of Health on January 1 st 2019. He is a holder of Master’s degree in Public Health (Disease Control And Epidemiology) from Moi university and Bachelor of Medicine and Bachelor of Surgery from the university of Nairobi. He previously worked as Medical Officer in Bomet, Medical Superintendent Longisa Hospital and Medical Officer of Health in Kericho. He has vast experience in Public Service Management and Administration.
Dr. Jonah Maswai - Member	He is currently serving as the Health team lead at US Embassy (DOD USAMRI), Nairobi. He is a holder of Master’s degree in Public Health and Bachelor of Medicine and Bachelor of Surgery from the university of Nairobi. He has a vast experience in Health management with a bias on donor funded health programs.

Nandi County facilities improvement Fund



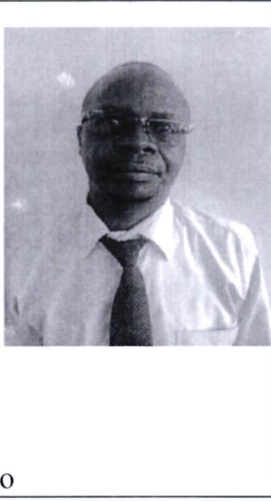

Annual Report and Financial Statements for the year ended June 30, 2024

Rev. Dr. Peter K. Rono – Member	He ministers with Kapsabet Pentecostal Church and represents the Faith Based organizations in the board. He holds a degree in Theology and has served the community in various capacities.
Patrick Chemigin - Member	He is a retired banker with vast experience in Finance Management. Holds a bachelor’s degree in Economics and a member of Kenya Bankers Association, Kenya. He is also the chair of St. Elizabeth Chupkunyuk Girls.
Philip Kogo – Member	<p>He is currently the acting Director, Health Administrative Services. Previously served as the County Health Administrative Officer since devolution of Health Services in 2013. He is currently pursuing PhD in Strategic Management at Kisii University and a holder of Master’s degree in Business Administration (MBA), Strategic Management option and BBM of Mount Kenya University and Moi university respectively.</p> <p>He is a Full Member of Kenya institute of Management (KIM) and Institute of Human Resource, Kenya (IHRM). He is also a member of the Kenya Association of Health Administrators (KAHA)</p> <p>He has also done Strategic Leaderships Development Program Course (SLDP) and Corporate Governance course from the Kenya School of Government (KSG)</p> <p>Mr. Kogo is a career civil servant with over 20 years in public service and vast experience in Administration and Strategic Management.</p>
Fredrick Lagat	He is currently engaged in business and farming, he represents the youth in the board. He holds a diploma in Agricultural Economics and resource management.
Sarah J. Kosgei – Member	She is currently serving as the chairperson maendeleo ya Wanawake, Nandi Chapter and represents women in the board. She Holds a Diploma in Community Development and Social Work. She is also a member of various boards and Community Based Organizations.
Nehemiah Chumba – Member	He is currently the Sub County Administrator, Emgwen sub county and holds a bachelor’s degree in Economics & Statistics. Previously served as a research assistant at Kenya Institute of Public Research and Analysis (KIPRA). He has good experience in Public Management.
CPA Julius Kemboi – Fund Administrator	<p>He was appointed as Facility Improvement Fund Administrator in October 2023.</p> <p>Previously served as Internal Auditor, Accountant and as a Revenue Officer in charge of Kapsabet Municipality.</p> <p>Currently pursuing Masters in Business Administration and holds Bachelors of Business Management from Moi University</p>

Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	and has also done Senior Management Course at Kenya School of Government (KSG) He is a full member of ICPAK.
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4. Management Team

Name	Details of qualifications and experience
<p>Mr. Fredrick Kiptum</p> 	<p>He was appointed as the chief officer on 20th march 2023. He is a graduate of Bachelor of Science in Microbiology and Biotechnology from the University of Nairobi. Previously worked as a Director Health Administration, Planning and Finance and also Sub County Administrator in Nandi hills. He has also worked in safaricom PLC 2008-2011. Mr. kiptum has vast experience in Public Service Management and Administration.</p>
<p>Dr. David Bungei</p> 	<p>He was appointed as County Director of Health on January 1st 2019. He is a holder of Master's degree in Public Health (Disease Control And Epidemiology) from Moi university and Bachelor of Medicine and Bachelor of Surgery from the university of Nairobi. He previously worked as Medical Officer in Bomet, Medical Superintendent Longisa Hospital and Medical Officer of Health in Kericho. He has vast experience in Public Service Management and Administration.</p>
<p>Mr. Philip Kogo</p> 	<p>He is currently the acting Director, Health Administrative Services. Previously served as the County Health Administrative Officer since devolution of Health Services in 2013. He also worked as the District Health Administrative Officer in charge of Nandi East, Nandi South and Tinderet District from 2008 to 2013.</p> <p>He is currently pursuing PhD in Strategic Management at Kisii University. He is a holder of Master's degree in Business Administration (MBA), Strategic Management option and BBM of Mount Kenya University and Moi university respectively. He is a Full Member of Kenya institute of Management [KIM] and Institute of Human Resource, Kenya (IHRM). He is also a member of the Kenya Association of Health Administrators [KAHA] He has also done Strategic Leaderships Development Program Course (SLDP) and Corporate Governance course from the Kenya School of Government (KSG) Mr. Kogo is a career civil servant with over 20 years in public service and vast experience in Administration and Strategic Management.</p>
<p>CPA Julius Kemboi</p> 	<p>He was appointed as Facility Improvement Fund Administrator in October 2023. Previously served as Internal Auditor, Accountant and as a Revenue Officer in charge of Kapsabet Municipality. Currently pursuing Masters in Business Administration and holds Bachelors of Business Management from Moi University and has also done Senior Management Course at Kenya School of Government (KSG) He is a full member of ICPAK.</p>
<p>Joash Kirwa</p>	<p>Currently the head of Supply Chain Management in the department of Health. He holds a Masters and Bachelor's degree degree in Supply Chain Management and a full member of KISM as well as a CISM</p>

3. Board/Fund Chairperson's Report

The Nandi County Facilities Improvement Fund Board was inaugurated on 15th September 2023 and had a two day training to equip it with knowledge on the roles and responsibilities, PFM Act, 2012 among others.

The Nandi County Facilities Improvement Fund Board works hand in hand with the hospital management boards and Health Facility Management Committees who are primarily the overseers of service delivery and fund utilization at facility level. In essence the hospital boards prepare and submit their annual and quarterly budgets for the boards review and approval.

The board had its first meeting on 24th January 2024 and they were briefed on the status of Facility Improvement Fund implementation by the Chief Officer – Health & Sanitation. By the time of this meeting, the FY 2023-2024 was half way with two (2) quarters (Quarter 1&2) having lapsed. The board approved Facility Improvement Fund annual budget estimates of **Ksh. 337,707,640** for the FY 2023-2024. It also reviewed and approved hospitals, PHC and Administrative budgets for Quarter 1 &2. For the period ended 30th June 2024, the board held 3 meetings and that there was no changes in the fund.

The board targeted to collect **Ksh. 337,707,640** from services offered by its seven (7) hospitals and Public health which is essentially its budget. However, the actual amount realized by the fund is **Kshs. 211,343,139.78** representing a **63%** performance. The underperformance was attributed to health care workers strike and partly delay in disbursement of exchequer funds which affected the availability of medical commodities, specifically drugs in our hospitals.

The boards' immediate future plan is to engage the department of Health leadership for discussions on putting efficient mechanism of revenue collection and ensuring timely supply of drugs to all the hospitals so as to realise its budget.

As a board we remain committed to attain the objective of the fund being provide a framework to allow the Health sector and health facilities retain monies received in accordance with provisions of section 109 (2) (b) read with section 116 (1) of the Public Finance Management Act, 2012 and that the fund is utilised well as per the approved budgets.

For:
Name: **Abdi Hussein**

Signature..........Date.....

Chairperson of the F.I.F Board

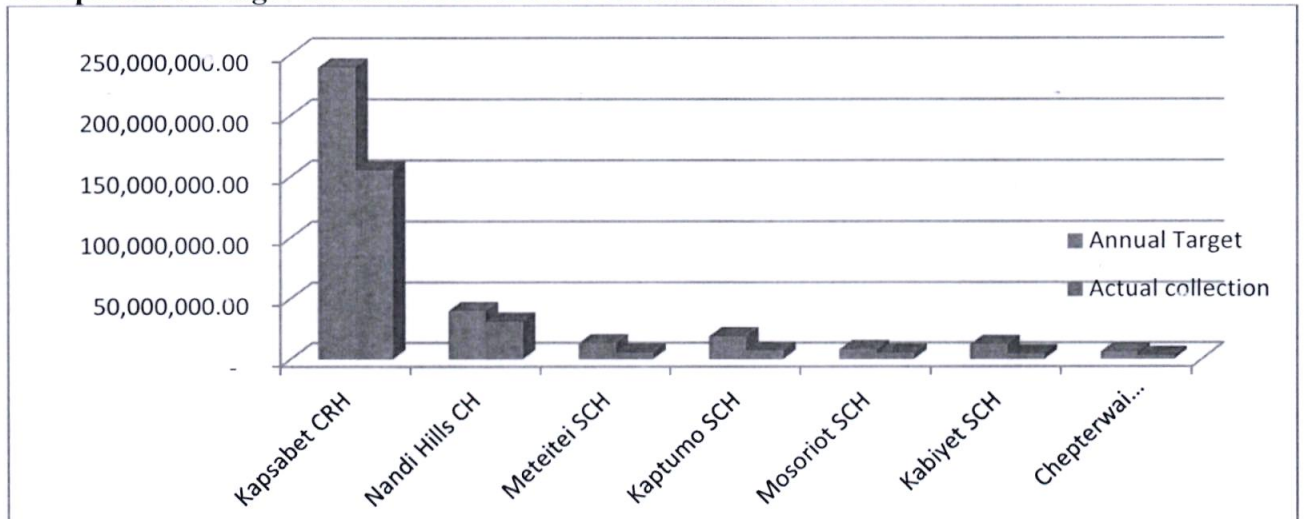
**Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

5. Report of the Fund Administrator

The fund targeted to collect **Ksh. 337,707,640** from services offered by its seven (7) hospitals and Public health which is essentially its budget. However, the actual amount realized by the fund is **Ksh. 211,343,139.78** representing a **63%** performance as per the table below;

S/No.	Facility	Annual Target	Actual collection	% Achievement
1	Kapsabet CRH	239,587,600.00	155,283,463.71	65
2	Nandi Hills CH	40,000,000.00	31,035,157.00	78
3	Meteitei SCH	13,201,750.00	5,405,074.47	41
4	Kaptumo SCH	18,812,000.00	7,140,171.00	38
5	Mosoriot SCH	7,990,740.00	5,132,229.00	64
6	Kabiyet SCH	12,139,550.00	4,372,300.60	36
7	Chepterwai SCH	5,976,000.00	2,974,744.00	50
	TOTAL	337,707,640.00	211,343,139.78	63

6. Comparative budget estimates and actual collections FY 2023-2024



There was an opening balance of **Ksh. 35,787,804** at the beginning of FY 2023-2024.

It is worth noting that for the period under review, the first half of the budget was implemented centrally because the FIF and hospital boards were not in place. However in the remaining part of the year (2nd half), the funds were transferred to respective hospitals as per their quarterly budgets and hospital board's approval.

Name: **CPA JULIUS KEMBOI**

Signature.....Date.....

Fund Administrator of the F.I.F Board



7. Statement of Performance against the County Fund's Predetermined Objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Curative and Rehabilitative health services	To Provide quality curative and rehabilitative healthcare services in the County	<ul style="list-style-type: none"> - Reduced mortality - Reduced referrals 	Number patients attended to both outpatient and in patient	
Preventive and promotive health services	Provide quality Preventive and promotive healthcare services in the County	<ul style="list-style-type: none"> - Increased fully immunized children - 		78% FIC
Health Administrative and support services	Provide high standards of Health Administrative and support services in the County	Improved work environment and staff morale	Number of staff general meetings held	1

4/15/2024

8. Corporate Governance Statement

1. Appointment and induction of FIF board Members

Appointment and gazettment of Board Members was done in May 2023 vide gazette notice No. 6968, dated 26th May 2023 and induction done on 14th and 15th September 2023 as prescribed under the F.I.F Act of 2022.

The board held to meetings, on 24th January 2024 and 23rd May 2024. The members' attendances to the meetings have been very good with over 7 members set as the quorum by the act attending.

The appoint

2.Roles and functions of the Board/Trustee,

The Fund Board shall—

- i. Provide overall design and oversight of the Fund;
- ii. Consider, verify and approve funding to hospitals and health facilities;
- iii. Ensure equitable distribution of resources to the hospitals and health facilities
- iv. Review and approve disbursements or utilization of the Fund;
- v. Advise the County Executive Committee Member
- vi. On the appropriate guidelines and procedures for better management of the Fund;
- vii. Consider and approve funding for preventive and promotive health services;
- viii. Receive reports on the performance of the Fund from its management committee which the Fund Administrator shall be a member of;
- ix. Develop relevant guidelines and review them as need arises, to guide the operations and implementation of the Fund;
- x. Develop and facilitate sectoral linkage on the Fund;
- xi. Monitor and evaluate programs and activities under the Fund;
- xii. Prepare an annual report on the operations and performance of the Fund to the County Executive Committee Member;
- xiii. Impose conditions on expenditure authorized by the Fund Board including imposing any reasonable prohibition, restriction or other requirement concerning expenditure from the Fund;
- xiv. Institute prudent measures for the proper utilization of monies deposited in to the Fund using suitable internal controls and appropriate mechanisms for financial accountability such as audit of accounts;
- xv. Oversee the management and administration of the Fund; and
- xvi. Put in place necessary mechanisms for sanctions and their enforcements in case of mismanagement of funds.

Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

3. Board/trustee remuneration,

The board is remunerated as per the SRC advisory

9. Management Discussion and Analysis

The Facilities Improvement Fund in the financial Year 2023/2024 expended through its FIF account an amount of Ksh.199, 257,112.39 .In the 3rd and 4th Quarter when the Facilities Boards were now fully operational, the Fund pursuant to clause (e)(vii) of part 1 of the Facilities Improvement Fund Act of 2022, therefore made transfers to Facilities as follows:

DISTRIBUTION	3RD QUARTER	4TH QUARTER	TOTAL
KSHS	KSHS	KSHS	KSHS
KCRH	27,826,946.00	37,207,898.00	65,034,844.00
NANDI HILLS	6,967,011.00	7,893,027.00	14,860,038.00
METEITEI SUB C H	1,275,000.00	1,364,617.00	2,639,617.00
KAPTUMO SUB C H	1,522,538.00	1,788,367.00	3,310,905.00
MOSORIOT SUB C H	863,973.00	989,834.00	1,853,807.00
CHEPTERWAI SUB C H	760,400.00	1,190,000.00	1,950,400.00
KABIYET SUB C H	764,000.00	621,233.00	1,385,233.00
TOTAL	39,979,868	51,054,976.00	91,034,844.00

It is worth to note therefore that the Fund during the period before the inauguration of the Hospital Boards incurred expenditures centrally. Employee costs was kshs540, 000.00 and use of goods was kshs.107, 682,268.39.

Underprivileged and Indigents medical bills: 78% of the patients treated at hospital are either from the informal sector or unemployed. These clients do not have an insurance cover and usually settle their medical bills out of pocket. Upon clinical discharge, most are unable to settle medical bills. They are released from the hospital on a commitment to settle their bills in future on unsecured credit. After the release, efforts to collect the due credit are largely fruitless. A provision for bad and doubtful debts has been made to recognize the inability to recover the debt.

- i) Health workers strike led to disruption of services hence no revenue
- ii) Delay in supply and delivery of medical commodities especially drugs to hospitals

Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

During the period, Nandi County Hospitals continued to offer specialized medical care by attending both outpatient clients and in-patient clients. They have as well done significant strategic infrastructural upgrade, renovations and purchase of medical equipment.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile –

The FIF board and management in its effort to have a balanced budget has engaged the Hospital management to discuss revenue targets and look at ways of improving on revenue performance. This has seen amendments of user fee, introduction of new services and aggressive recruitment of members into NHIF and other health insurance providers. In so doing, the dependence on out of pocket payment for services will reduce and rebates from insurance is also high.

2. Environmental performance

The FIF board and management is keen on ensuring that the environment is conserved and made a better place to live in. This it does by ensuring proper disposal of wastes (both Medical and general) through provision of waste bins and having functional incinerators. Through the fund, staff have been sensitized on waste management practices including waste handling, segregation and disposal as well as use of PPEs.

3. Employee welfare

All the staff are employees of the County Government of Nandi and paid centrally through the County IPPD system. However the fund has supported trainings and capacity building of staff as well as improvement of workplace environment through provision of tea, supply of furniture, stationery among others.

The FIF board and management implements Occupational Safety and Health Act of 2007, (OSHA.)

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The FIF board and management through the procurement department conduct supplier prequalification annually in line with the Public Procurement and Asset Disposal Act, 2022. Suppliers are then invited to participate in bidding for works on need basis and the responsive evaluated bidders are awarded the tenders. It also conducts periodic market surveys to guide on pricing of goods and services.

b) Responsible Supply chain and supplier relations

The FIF board and management engages its suppliers for goods and services in line with the Public Procurement and Asset Disposal Act(PPAD), 2022 and PPAD regulation 2020 and pays them for their services in line with the terms of engagement mostly within ninety days from the date of delivery or completion.

c) Responsible marketing and advertisement

The fund board and management doesn't engage in marketing activities

d) Product stewardship

The FIF board and management has ensured availability service charters, patient rights and obligations displayed in all health facilities hence promoting clients rights and safety. There is also established complaints and complements redress mechanisms ensuring that all complaints are handled on a timely manner.

Access to the highest attainable health standards by our clients is also guaranteed through the various staff professional regulatory bodies e.g. Kenya Medical Practitioner & Dentist Council, Clinical Officers Council, and Nursing Council of Kenya etc

5. Corporate Social Responsibility / Community Engagements

The FIF board and management has participated in community engagements through support of commemorable world health days and medical camps. In the Month of December 2023, the County marked world Aids day supported by FIF among others. The fund has also supported medical camps organized and held across the County. It has also extended support to some dispensaries and health Centres specifically on building of ablution blocks/ pit latrines, combustion chambers and digging of boreholes and water connectivity. Examples of facilities which have benefited from the fund include; Kapchumba Dispensary, Chepsire Dispensary, Mugundoi Dispensary, Kapsengere Health Centre, Mogoget Dispensary among others

11. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are *as disclosed in page iii of this document.*

Results

The results of the Fund for the year ended June 30, 2024 are set out on pages 1, 2, 3,4,5,6 and notes on pages 18 to 30.

Trustees

The members of the Board of Trustees who served during the year are shown on page vii to ix of this document.). There have never been changes in the Board during the financial Year 2023/2024.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board


.....
Chair of the Board/Fund Administration Committee

Date:

Handwritten text in red ink, possibly a date or reference number.

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Nandi County Facilities Improvement Fund Act of 2022*, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

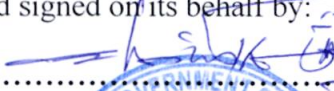
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 20xx, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 8th July 20024 and signed on its behalf by:

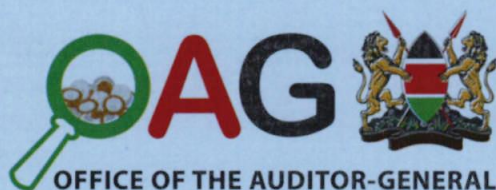

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Administrator of the County Public Fund



REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NANDI COUNTY FACILITIES IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nandi County Facilities Improvement Fund set out on pages 1 to 40, which comprise of the statement of financial

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended 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 Nandi County Facilities Improvement Fund 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 Nandi County Facilities Improvement Fund Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies of the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.12,086,027 as at 30 June, 2024 which comprises net decrease in cash and equivalents of Kshs.22,981,777. However, it is not clear how the net decrease in cash and cash equivalents amounts of Kshs.22,981,776 disclosed in the cash flow statements was arrived at.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

2. Recognition of Cash Expenses in Accrual Based Reporting Framework

The Fund reports transactions in financial statement in accrual-based reporting framework. However, review of transactions revealed that expenses were recognized on cash basis. During the year under review, the Fund presented its financial statements on an accrual basis. Recognition of expenses incurred contradicts the accrual-based reporting framework adopted by the Fund.

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.337,707,640 and Kshs.211,343,139 respectively resulting to an under-collection of Kshs.126,364,501 or 38% of the budget. Similarly, the Fund expended Kshs.199,257,112 against an approved budget of Kshs.337,707,640 resulting to an under-expenditure of Kshs.138,450,528 or 41% of the budget.

The under-collection and under-performance may have affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page (i) to (xxii) which comprise of Acronyms and Definition of key terms, Key Entity Information and Management, The Fund administration committee, Key Management Team, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Corporate Governance Statement, Report of trustees, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Nandi County Facilities Improvement Fund 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, I confirm that nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Function and Audit Committee

During the year under review, it was observed that the Fund had neither established internal audit unit nor audit committee. Lack of internal audit unit in the Fund implies lack of oversight.

In the circumstances, the soundness of the internal controls could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Nandi County Facilities Improvement Fund 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 Nandi County Facilities Improvement Fund financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


30 December, 2024

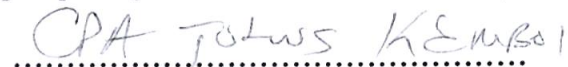
Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Revenues From Facilities	4	211,343,139.78	102,924,377.00
Other Income	5	-	-
		211,343,139.78	102,924,377.00
Total Revenue		211,343,139.78	102,924,377.00
Expenses			
Employee Costs	6	540,000.00	-
Use of goods and services	7	107,682,268.39	67,136,573.00
Depreciation and Amortization Expense	8	-	-
Transfer to Health Facilities	9	91,034,844.00	-
Total Expenses		199,257,112.39	67,136,573.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		12,086,027.39	35,787,804.00

(The notes set out on pages 18 to 30 form an integral part of these Financial Statements)


 Name: Julius K. Kemboi
 Administrator of the Fund


 Name:
 Fund Accountant
 ICPAK Member Number:
 30025

Nandi County facilities improvement Fund

Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	FY2023-2024	FY2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	12,086,027.039	35,787,804.00
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		12,086,027.39	35,787,804.00
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		-	-
Total Assets (A)		12,086,027.39	35,787,804.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-

Nandi County facilities improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

DESCRIPTION	Note	FY2023-2024	FY2022-2023
		Kshs	Kshs
Total Liabilities (B)		-	-
Net Assets (A-B)		12,086,027.39	35,787,804.00
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		12,086,027.39	35,787,804.00
Net Assets		12,086,027.39	35,787,804.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 8th July 2024 and signed by:

CPA Julius KEMBOI
 Name: *Julius Kemboi*
 Administrator of the Fund



CPA Julius KEMBOI
 Name: *Julius Kemboi*
 Fund Accountant
 ICPAK Member Number:

30025

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Reserving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2022	-	-	-	-
Surplus/(Deficit) For the Period	-	-	35,787,804.00	35,787,804.00
Funds Received During the Year	-	-	67,136,573.00	67,136,573.00
Transfers	-	-	(67,136,573)	(67,136,573)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	35,787,804.00	35,787,804.00
Balance As At 1 July 2024	-	-	35,787,804.00	35,787,804.00
Surplus/(Deficit) For the Period	-	-	12,086,027.39	12,086,027.39
Funds Received During the Year	-	-	199,257,112.61	199,257,112.61
Funds expended in the Year	-	-	(199,257,112.39)	(199,257,112.39)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	12,086,027.61	12,086,027.61

(Provide details on the nature and purpose of reserves)



Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from Facilities		211,343,139.78	102,924,377.00
Total receipts		211,343,139.78	102,924,377.00
Payments			
Medical costs		-	(51,117,917)
General expenses		-	(11,666,646.00)
Use of Goods		(107,682,268.39)	
Transfers		(91,034,844.00)	(-)
Repair and Maintenance		-	(-)
Board Allowance		-	(-)
Employee cost		(540,000.00)	(-)
Bank Charges		-	(4,352,010.00)
Total Payments		(199,257,112.39)	(67,136,573.00)
Net cash flows from operating activities	24	12,086,027.39	35,787,804.00
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(-)	(-)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(-)	(-)
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		(-)	(-)
Net increase/decrease in cash & cash Equivalents		(22,981,776.61)	-
Cash and cash equivalents at 1 July		35,787,804.00	-
Cash and cash equivalents at 30 June		12,086,027.39	35,787,804.00



Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement of Comparison of Budget and Actual Amounts for the Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c *100
Revenue						
Balance B/F	35,787,804.00	-	35,787,804.00	35,787,804.00	-	100%
Public Contributions and Donations	-	(-)	-	-	(-)	-
Revenues From Health Facilities.	301,919,836.00	-	301,919,836.00	175,555,335.78	126,364,500.22	58.10%
Interest Income	-	-	-	-	(-)	-
Other Income	-	-	-	-	-	-
Total Income	337,707,640.00	(-)	337,707,640.00	211,343,139.78	126,364,500.22	61.85%
Expenses						
Transfers 70%	236,395,348.00	-	236,395,348.00	91,034,844.00	145,360,504.00	39%
PHC 20%	67,541,528.00	-	67,541,528.00	107,682,268.39	(40,140,740.39)	159%
Administrative cost 10%	33,770,764.00	-	33,770,764.00	540,000	33,230,764.00	1.5%
Total Expenditure	337,707,640.00		337,707,640.00	199,257,112.39	138,450,527.61	59%
Surplus For the Period	-	-	-	12,086,027.39	(12,086,027.39)	

Budget notes:

i). The Act became fully operational after the inauguration of the F.I.F Board on the September 2023 and therefore could not align the expenses against their respective budgets appropriately.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Facilities improvement Fund is established by and derives its authority and accountability from 2022 Act. The entity is wholly owned by the Nandi County Government and is domiciled in Kenya. The entity’s principal activity is improving the facilities.

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p>

**Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared</p>

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>Not relevant to the entity</i>

(i) Early adoption of standards

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

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

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.

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly with the main County budget on **15.6.2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of **kshs.337,707,640.00** on the **FY 2023/2024** budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c) 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.

a) 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.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an annual-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) 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.

f) 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.

Summary of Significant Accounting Policies (Continued)

g) 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.

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.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) 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.

b) 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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes to the Financial Statements Continued

1. Public contributions and donations

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

NOTE: The Fund did not receive this revenue

2. Transfers from County Government

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

NOTES: The Fund did not receive any transfers from County Government

3. Fines, penalties and other levies

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Revenues from Facilities

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Receipts from Medical services	211,343,139.78	-
Total Income	211,343,139.78	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Other income

Description	FY 2023-24	FY 2022-23
	Kshs.	Kshs.
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

NB: The Fund did not receive any other income

6. Employee income

Description	FY 2023-24	FY 2022-23
	Kshs.	Kshs.
Salaries And Wages	300,000.00	-
Staff Gratuity	-	-
Staff Training Expenses	240,000.00	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	540,000.00	-

7. Use of Goods and Services

Description	FY 2023-24	FY 2022/23
	Kshs.	FY Kshs.
General Office Expenses	2,141,800.00	-
catering	3,460,200.00	826,000.00
Daily Subsistence Allowance	5,841,100.61	5,527,293.2
Health Celebrations	2,120,700.00	-
Committee Allowances	1,566,200.00	-
Electricity	64,761.00	-
Water Expenses	800,000.00	854,860.00
Fuel And Oil For Transport	2,650,000.00	2,073,996.00
Fuel For Production	815,000.00	-
Internet Services	520,000.00	-
Printing And Stationery	4,536,370.00	1,822,050.00
Subscriptions to professional bodies	33,700.00	-
Computer Accessories	1,235,000.00	-
Telephone And Communication Expenses	480,800.00	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	FY 2023-24	FY 2022/23
	Kshs.	FY Kshs.
Branding linen	150,360.00	-
Laboratory Reagents	7,640,090.00	28,682,962.00
Pharmaceuticals supplies	26,532,791.00	19,570,590.00
Renal Supplies	152,000.00	-
Medical Gases	617,500.00	-
Medical Equipment	-	622,000
Professional consultancy Services	776,500.00	553,000.00
Non pharmaceuticals	32,743,192.00	
Radiology supplies	3,010,900.00	
Food And Ratios	4,621,025.00	2,242,365.00
Sanitary and Cleaning Services	853,125.00	
Repairs And Maintenance	4,258,584.00	4,352,010.00
Bank Charges	60569.78	9,446.8
Total	107,682,268.39	67,136,573.00

8. Depreciation and Amortization Expense

Description	FY 2023-24	FY 2022-23
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Transfers

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Transfers to Health Facilities	91,034,844.00	-
Total	91,034,844.00	-

Refer management discussion and analysis above.

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/ (loss) on disposal of assets

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	12,086,027.81	35,787,804
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	12,086,027.81	35,787,804

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

Detailed analysis of the cash and cash equivalents are as follows:

Financial Description	Account Number	FY 2023-24	FY 2022-23
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Nandi County Facilities Improvement Fund Account	01071253160600	3,743,000.39	35,787,804
Nandi County Sub County Hospital Account	01071247920200	8,343,027	-
Sub- Total		12,086,027.81	35,787,804
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		12,086,027.81	35,787,804

13. Receivables from exchange transactions

Description	Insert Current	Insert Comparative
	FY	FY
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Total Receivables From Exchange Transactions	-	-
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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2023-24	Insert Comparative FY
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

N/A

14. Prepayments

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

NOTES: There were no prepayments during the Financial Year

15. Inventories

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

NOTE: The Fund did not have any Financial Assets
Movement of Equity Investments

Impairment allowance/ provision	FY 2023-24	Insert Previous. FY
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year Kshs	Prior year Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (FY22/23)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	-	-	(-)	(-)
At 30th June (FY 22/23)	-	-	-	-	-
At 1st July (FY 2023/24)					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June (FY 2023/24)	-	-	-	-	-
Depreciation And Impairment					
At 1 st July(FY 22/23)	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June (FY 22/23)	-	-	-	-	-
At 1st July (FY 2023/24)					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June (FY 2023/24)	-	-	-	-	-
Net Book Values					
At 30 th June (FY 22/23)	-	-	-	-	-
At 30 th June (FY 2023/24)	-	-	-	-	-

Nandi County Facilities Improvement Fund
 Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

18. Intangible assets

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2023-24		FY 2022-23	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)				
	FY	% of the	FY	% of the
	2023/24	Total	2022/23	Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	(-)	(-)
Repayments of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

				FY 2023-24	FY 2022-23
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

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

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	FY 2023-24	FY 2022-23
	Kshs.	Kshs.
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	12,086,027.81	35,787,804.00

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	FY 2023-24	FY 2022-23
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2023-24	FY 2022-23
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Notes To The Financial Statements (Continued)

28. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on 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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from Coun Hospitals

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (FY 2023/24)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (FY 2022/23)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (FY 2023/24)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(FY 2023/24)			
Euro	10%	-	-
USD	10%	-	-
(FY 2022/23)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 00 (2024: Kshs 00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 00 (2024 – Kshs 00).

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	-%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Nandi County Facilities Improvement Act, 2022 under the Department of Health. Its ultimate parent is the County Government of Nandi.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)
OAG/NRRO/2022-2023-1-010029-2 NCFIF	1.Presentation, Accuracy and Completeness of the Financial Statements	-Fund had not indicated its Logo on the cover page.	-The same was amended in Financial Statement submitted	-Resolved
”	”	-Non disclosure of names of the board members with their missing pass-port size and non-description of each. -whether a member was a Director or Non director -Missing reports by Fund administrator /Fund chair person	This was an oversight	-These have now been disclosed in the current Financial Statement
”	”	-Fund Administrator had not signed the Financial Statement	The Fund Administrator had not been appointed	The current Financial Statement is dully signed
”	2.Unapproved Budget and work plan	-That the budget of kshs.138,761,069 was not provided for audit	The budget for FIF had been captured in the main department budget since the hospital boards were	This was now provided for audit in the current audit

Nandi County Facilities Improvement Fund
Annual Report and Financial Statements For the year ended 30th June 2024

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)
			not in existence then.	
”	3.Failure to appoint the Fund Administrator and Fund Board	-That the Fund operated without the substantive Fund Administrator and Fund Board	The substantive Fund Administrator was appointed in October 2023 and now oversees the operation of the Fund.	Resolved

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 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 Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

Date..........

Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]
[Insert Address]

The Nandi County Facilities Improvement Fund wishes to confirm that it did not receive the amounts disbursed at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
-	-	-	-	-	-	-	-
Total	-	=	=	=	=	-	-

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

Head of Accountants department of beneficiary Fund:

Name Sign Date

*Nandi County Facilities Improvement Fund
Annual Report and Financial Statements For the year ended 30th June 2024*

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

NB: The Fund will have considerations for relevant climate expenditures in the subsequent budgets.

*Nandi County Facilities Improvement Fund
Annual Report and Financial Statements For the year ended 30th June 2024*

Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub- programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments