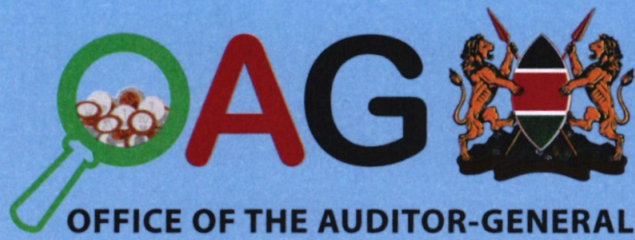


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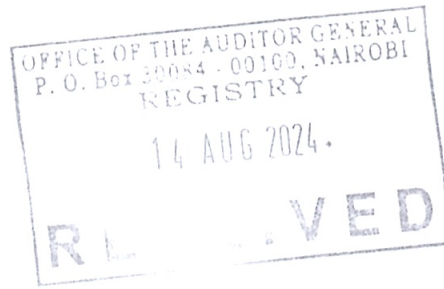
THIKA LEVEL 5 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KIAMBU

25/09/24
S.M.L.
Agel



Revised 30th June 2023



**THIKA LEVEL 5 HOSPITAL
(Kiambu County Government)**

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
ENT-Ear Nose and Throat	
NBU-New Born Unit	
IMCI-Integrated Management of Childhood Illness	
MNCH-Maternal Newborn and Child Health	
ICU –Intensive Care Unit	
HMT-Heads of Management	
BOD-Board of Directors	
CPSB-County Public Service Board	

2. Key Entity Information and Management

(a) Background information

Thika Hospital is a level 5 hospital established under gazette notice number 11837, dated 15th November 2007, and is domiciled in Kiambu County. The hospital is governed by a Board of Management

(b) Principal Activities

The principal mandate of Thika Level 5 Hospital is to provide general and specialized Outpatient and Inpatient services to residents of Thika and the surrounding regions.

The hospital provides a wide array of curative and rehabilitative services, promotion and preventive services, primary health care services, and including specialized services. These include general outpatient and specialized consultation services, laboratory services, dental, radiology, physiotherapy and occupational therapy services, orthopedic /trauma services, palliative care, ENT, ophthalmology services, MNCH, IMCI, casualty and emergency, renal services, ICU, Medical and surgical inpatient services, Paediatrics and NBU services, maternity and postnatal services, Obstetrics and Gynecology inpatient services, Covid-19 inpatient care, and funeral home services.

The Hospital's Vision is to be a world class teaching and referral hospital, with a Mission to provide quality, affordable, and accessible healthcare services to our clients. Our core values include efficiency, integrity, timeliness, transparency, confidentiality, and professionalism.

(c) Key Management

The Thika Level 5 hospital's management is under the following key organs:

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

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Peninah Waturi Kibuti
2.	Head of finance	Josephine Nyambura Muiruri
3.	Head of supply chain	Josephine Wambui Kamau
4.	Hospital Administration Manager	Susan Muthoni Gatei
5.	Nursing Services Manager	Anastacia Ndegwa
6.	Surgery Unit In-charge	Dr. Mwea Macharia
7.	Internal Medicine	Dr. Mbogo David
8.	Laboratory Services Manager	Elizabeth Wamuyu
9.	ENT	Dr. Josephine Wanjahi
10.	Pediatrics	Dr. Lusweti Bernadine
11.	Dermatology	Dr. Macharia Isaac
12.	Dental unit	Dr. Stephen Waweru
13.	Nutrition Department	Lydia Mwangi
14.	Pathology	Dr. Mathaiya John
15.	IPC/Training Coordinator	Beatrice Mwai
16.	Anaesthesia	Angeline Munavu
17.	Biomedical Engineering	Eunice Wamugi
18.	Dr. Charles Kabiru	Deputy Medical Superintendent
19.	Obstetrics and Gynaecology	Dr. David Chiuri
20.	Physiotherapy Services	Redempta Nzomo
21.	Health Records	Peter Muigai
22.	Radiology services	Catherine Adema
23.	Public Health & Sanitation	Alice Mbugua
24.	Anaesthesia/Critical Care	Dr. Eunice Ngatia
25.	Clinical Medicine and Surgery	Onesmus Musyoka

(e) Fiduciary Oversight Arrangements

The following organizations in the hospital are mandated to provide fiduciary oversight over the hospital's financial activities.

1. Department of Health Accounts and Finance Unit
The unit provided general oversight of the hospital's financial commitments during the financial year.
2. Hospital Management Board finance and General Purposes Committee

This committee provided general guidance on the hospital's revenue targets, budgets and expenditure returns during the financial year.

3. Hospital Management Team
The team provided guidance on hospital financial needs and strategies for improved and sustainable financial performance of the hospital.
4. Executive Expenditure Committee
The EEC had the primary responsibility of assessing hospital performance, reviewing hospital revenue capacity and improvement, developing all budget proposals, and expenditure oversight, and reporting in the hospital
5. Waiver /Exemption Committee
Review the Patients assessments which require the Patients to be Waived or Exempted to meet The Hospital Criteria for Waivers and Exemptions
Report on Monthly Waivers and Exemptions Granted
6. Revenue/Finance Committee
Monthly review of The Hospital Revenue Performance for both Cash and NHIF Revenues and Actions/strategies towards meeting The Annual Targeted Revenues per Revenue stream/Department and any Challenges facing the Departments that are not able to meet their targets

Key Entity Information and Management (continued)

(f) Thika Level 5 Headquarters

P.O. Box 227 – 01000,
Thika Level 5 Hospital,
General Kago Road
Thika, Kenya

(g) Thika Level 5 Contacts

Telephone: (+254 722106797)
E-mail: thikal5hospital@gmail.com

(h) Entity Bankers

1. Kenya Commercial Bank
Thika Branch
KCB Building, Kenyatta Avenue
P.O. Box271-01000 Thika, Kenya
Tel: 0672231669 /0723603623
2. Family Bank Kenya Thika Branch
Bony Kiumu Building, Uhuru street near post office junction
P.O. Box 354-01000 Thika. Kenya
Email: thika@familybank.co.ke
3. Co-operative Bank of Kenya Thika –Branch
Co-op Building, Kenyatta Avenue P.O.BOX 1815-01000
Thika, Kenya
Email: thikabr@co-opbank.co.ke



- (i) Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

- (j) Principal Legal Adviser**



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



- (k) County Attorney**
P.O. Box.2344 – 00900,
Kiambu

3. The Board of Management

No	Directors	Details
1.	<p>Dr. Rajinder Kumar Mohindra</p> <ul style="list-style-type: none"> a) Bachelors in Medicine, and Surgery b) Masters in Medicine (Diagnostic Radiology) 	<p>Date of birth: 31st January 1963</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Consultant Radiologist at Thika District Hospital in 1992 to 2003 b) Diagnostic Imaging Clinic at Thika from 2005 – present. c) Founder and Chairman of Dawa Group (1994 – present) <p>Independent/Executive director Committee of the Member chairing:</p> <ul style="list-style-type: none"> a) Hospital Management Board Chairman
2.	<p>Prof. Patrick Karanja Ngugi</p> <ul style="list-style-type: none"> a) Ph.D. in Entrepreneurship (Leadership & Management) b) MSc Entrepreneurship (Leadership & Management) c) Bachelor of Business Administration (Finance Option) d) Higher Diploma in Electrical Engineering e) Diploma in Theology 	<p>Date of birth:</p> <p>Key qualifications and work experience:</p> <p>Jomo Kenyatta University of Agriculture and Technology Nairobi CBD Campus:</p> <ul style="list-style-type: none"> a) Campus Quality Assurance Officer (2017 – To Date) b) Senior Lecturer (SEPLM-EPD) - 2008-to date c) Thematic Leader in Entrepreneurship, Leadership and Management – 2016 to date d) Chair of Entrepreneurship, Procurement, Leadership and Management Department (2012-2016) <p>Independent/Executive director Committee of the Member chairing: Vice Chairperson of the Board/HMB Finance Committee Chairperson</p>

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<p>3.</p>	<p>Rev. David Karethiu Wairimu</p> <ul style="list-style-type: none"> a) Masters in Development Studies(ongoing) b) Bachelor of Divinity c) Diploma in Theology 	<p>Date of birth:</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Founder and Overseer, Siloam Faith Church International - 2019 to Date b) Vicar/Arch Deacon-Kenyatta Road Parish, Anglican Church of Kenya 2017 – 2018 c) Administrative Secretary, Anglican Church of Kenya, 2012 – 2016 d) Vicar – Ruiru, Gakui and Juja Parish, Anglican Church of Kenya, 2006 – 2011 e) Evangelist, Anglican Church of Kenya, 1999 – 2003 <p>Independent/Executive director Committee of the Member chairing: Human resources Advisory Committee</p>
<p>4.</p>	<p>Caroline Mukuhi Mwangi</p> <ul style="list-style-type: none"> a) Bachelor of Commerce (Entrepreneurship and innovation) (ongoing) b) Certified Public Accountant Kenya c) Diploma in Human Resource Management 	<p>Date of birth: 21st June 1990</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Founder and CEO, Kimplanters Seedlings and Nurseries Ltd, 2013 to date b) Founder and Trustee, CarolKimplanter Foundation, 2021 to date <p><i>Konoike Construction Co. Ltd:</i></p> <ul style="list-style-type: none"> c) Administrator, April 2014 –July 2016 d) Senior Accountant, March 2013 – April 2014 e) Junior Administration and Accounts Clerk, February 2011 – March 2013 <p>Independent/Executive director Finance Committee Member</p>

<p>5.</p>	<p>Caroline Mukami Kabuu</p> <ul style="list-style-type: none"> a) Diploma in Guidance and Counseling b) Diploma in Business Management c) Diploma in Hospitality 	<p>Date of birth: November 1983</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Managing Director, Kabuu Investments <p>Independent/Executive director</p> <p>Committee of the Member chairing: Quality Assurance Committee</p>
<p>6.</p>	 <p>Dr. Peninah Watari Kibuti (CEO/Medical Superintendent, Secretary to the Board)</p> <ul style="list-style-type: none"> a) Bachelors in Medicine, and Surgery <p>Masters in Medicine (Psychiatry)</p>	<p>Date of birth: January 1984</p> <p>Key qualifications and work experience: Medical Specialist</p> <p>Secretary to the Board</p> <p>Committee of the Member chairing: Not a member of ICPSK</p>

4. Thika Level 5 Key Management Team

Ref	Management	Details
1.	Dr. Waturi Kibuti	Medical Superintendent
2.	Dr. Charles Kabiru	Deputy Medical Superintendent
3.	Susan Gatei	Health Administration Manager
4.	Mrs Anastacis Ndegwa	Nursing Services Manager
5.	Dr. Hellen Mwangeli	Pharmacy Services Manager
6.	Mrs. Josephine Nyambura	Accounts & Finance Manager
7.	Mrs. Josephine Kamau	Procurement & Supply Chain Manager
8.	Onesmus Musyoka	Clinical Officer in-charge
9.	Elizabeth Wamuyu	Laboratory Manager
10.	Catherine Adema	Radiology Unit In-charge
11.	Dr. Waweru C	Dental Unit In-charge
12.	Dr. Mwea Macharia	Surgery Unit In-charge
13.	Peter Muigai	Health Records In-charge
14.	Dr. David Mbogo	Internal Medicine

5. Chairman's Dr Raju Mohindra –Board Of Management Statement

Following the enactment in law of the Kiambu County Health Services Bill 2019, a County and a Sub-County Hospital shall be governed by a Board appointed by the Executive Member and approved by the Governor. I take this auspicious moment to thank the Governor for the appointment to serve in Thika Level Five Hospital Board, and in extension being voted in as the Chairman of the Board of Management, by colleague nominees, sums up the confidence the board members have in my leadership within and in extension out of the hospital periphery following the gazette order by the CECM-HS on 16th April 2021 This being the second year in service running 2022-2023 below are the highlights on various engagements, accomplishments, challenges and recommendation's: -

ACHIEVEMENTS

- ✓ Engaged for partnership working agreement between TL5H and Strathmore Business School.
- ✓ Held the 2nd Kamukunji {customer service day where employee satisfaction survey was also done
- ✓ We managed to register the hospital Foundation, where the HMT and BOD are structuring policy guidelines and sourcing strategies to envision healthcare boost.
- ✓ We have managed to do a SWOT analysis for the Health system for Thika level 5 hospital. Outlining strengths, weaknesses, opportunities and Threats being a guiding principle to the HMT/BOD on area of action and improvement.
- ✓ We have managed to hold joint consultative meeting with the county public service board CPSB, HMT and BOD in an aim of breaking loose the staffing bottle neck which yielded to new postings in the hospital while we look forward to 50 more to achieve a standard balance.
- ✓ We managed to hold joint NHIF, HMT & BOD meeting seeking assistant and training of staff by NHIF this has yielded timely booking of claims and reconciliations thus increased revenue timely payment and capitations boosting service delivery and quality health care.
- ✓ Within the year we have had public private partnerships;
- ✓ Donations of, assorted drugs from DAWA group courtesy of the Group MD and Chairman.
- ✓ The ophthalmology clinic section has been expanded courtesy of the JYL through donations of Kshs 10M, directed to infrastructure expansion and equipment. - We also secured Donations of 15 wheel chairs 5 from JYL and 10 from Capwell Foundation. We partnered with the HSK and the prisons Thika, and Equity Bank they donated 600 indigenous trees where prisons offered the labour.
- ✓ Discussions are ongoing with Thika cancer care to expand the cancer section and equip plus renovate one dilapidated male ward back to proper usable state.

CHALLENGES

- ✓ Revenue Sharing Ratio {FIF}
 - Retention 20%
 - Public Health utilization 80%

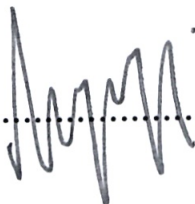
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- ✓ FIF account, BOD representation on operationalization, expenditure and utility approval guidelines in the hospital on attritions, retirement and resignations with non-replacement in spite of the ratio to patient going lower by day.
- ✓ Utilization of casual on revenue streams lacking absolute level of answerability.
- ✓ Weighty Pending bills mainly from the previous managements and governments.
- ✓ Delay in disbursement of refund to the hospital from the county government arm of public health.
- ✓ Delay in supply of essential, drugs and surgical items.
- ✓ Non computerization of revenue collection points on most of the streams leading to loss of revenue, through undocumented patients or delayed claims of treatments upon discharge for patients under NHIF scheme.

RECOMMENDATIONS

The Board highlights the listed Recommendations

1. Review of the FIF revenue sharing formulae in consultation with the BOD. {5:95 Ratio} It's evident that revenue generated is used as a revolving fund on recurrent expenditure, i.e. Operation's and supplies to the hospital with a retention of 20% pending bills pile up with no development.
2. Revisit the replacement with permanent employees of the county or confirmation of the acting
3. Structure a settlement plan on the huge pending bills
4. Re-look into having the Conditional grants from National Government to be put into healthcare development for the hospital to incur cap ex' on an improvement project.
5. Timely disbursement of funds, drugs and assorted commodities.
6. Timely payment of the suppliers to avoid complains and loss of revenue by patients choosing other hospitals from TL5H
7. Computerizations of systems and training of staff on the all systems aiming at going paperless
8. Medsupt/Administrator/Accountant engage NHIF and work on a claims real time disbursements for quality health service through timely capitations also.



.....
Name
Chairman to the Board

6. Report of The Medical Superintendent

I have now been the Hospital CEO for the last 3 months having reported in early April 2023. Having come to an end of a financial year, 2022-2023 we can now reflect on our successes and challenges to enable us focus on the way forward. 2022-2023 financial year was a better year even if the hospital was still recovering from the challenges experienced the previous financial year due to challenges brought about by Covid-19 pandemic which strained the hospital resources in a very significant way.

i. Infrastructure

We did not manage to do much in terms of infrastructure improvement especially due to competing needs of hospital supplies. However, we managed to successfully renovate the pediatric ward including their toilets and bathrooms at a cost of approximately 1.2 Million. Jain youth League foundation renovated the eye unit and equipped it with new diagnostic equipment's at a cost of 10 Million.

We are in the process of opening up a road linking the hospital to the other roads in Thika town through the Prisons land. This will ease congestion at the main gate and enable smooth movements especially during emergency situations. This project will be completed within FY 2023/2024.

The whole hospital received new coats of paint bearing the County colors which has given the hospital a new face.

ii. Revenue Collection and Allocation.

The facility managed to collect Ksh. 435m Million from July 2022 to June 2023. and utilized the same by 30th June 2023. Ling part of our debts which currently stands at Ksh.359 million.

iii. Supply of Pharmaceutical and Non- Pharmaceutical Commodities

There has been an adequate supply of pharmaceuticals and non-pharmaceutical commodities for the last quarter of the financial year especially due to centralization of the procurement at the county. The hospital has been issuing monthly departmental requisitions which are guided by the hospital budget and procurement plan.

iv. Human Resource

Human resource remains a challenge in all the departments over the years. This has continued impacting our service delivery negatively. We have a long way to go into meeting the WHO recommendations. The hospital board and HMT has continuously engaged with County Public Service Board and an agreement was reached to at least employ to cover for natural attrition, however this has not been done yet. The hospital has attempted to fill the gap by employing casuals and currently we have 123 Hospital casuals in different departments.

We were posted for a Human resource Office for the first time ever who is coordinating all Human resources issues.

v. Health Management Information System

Health Management Information System (HMIS) plays a vital role in patient care and data

capturing which enables evidence based decision making. The hospital is still not fully paperless as some units are still missing computers and some existing computers broke down. A total of 7 computer units were added to enable expansion of paperless services in the OPD with a plan to eventually cover the whole hospital.

vi. Leadership and Governance

With inauguration of hospital board, we have managed to achieve a lot in terms of infrastructure and collaboration with other partners. We plan to have a reward system for the best performing hospital workers and departments in the financial year 2022-2023 in the upcoming hospital staff party in November 2023. There has been continuous support and supervision from the county health management team, stakeholder forums, hospital board and the facility health management team.

On job trainings, mentorship and career growth and development has been ongoing. This being a training facility, we have a large number of workers on further training in various institutions across the country and we continue to receive many students on training.

vii. Public Private Partnerships

In 2022/2023 financial year, we collaborated with various partners in terms of training, commodity management, human resource, research and training. We received equipment like wheel chairs, patient monitor, Pharmaceutical and non-pharmaceutical products courtesy of our hospital members. We also were donated for over 500 trees by the Horticultural society of Kenya and Equity bank to help us green the facility.

Our collaboration with partners like Shah Community, Partners in prevention, Penta flowers, Equity, Mt Kenya University, and University of Nairobi among many others has greatly benefited us during this time and is still continuous.

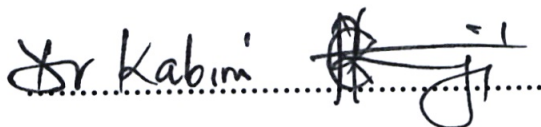
viii. Going Forward

In the financial year 2023/2024 we plan to invest in areas like hospital infrastructure in terms of renovations of ward 4 and old maternity wing, come up with trauma center and start sourcing funds for it, planning to install CCTV Cameras and Intercoms to improve communication in the hospital.

We also plan to increase own source revenue to Kshs.50 million per month by incorporating new service charges otherwise not previously charged as per the county hospital charges regulations, sealing of loop holes in cash collections, NHIF enrolment campaigns to our patients and ensuring no stock outs. We also plan to increase NHIF enrollment for pregnant women instead of them using Linda mama which will improve our revenue in maternity.

ix. Appreciation

We appreciate the strong support from Kiambu County Government, partners, stakeholders and hospital workforce as we continue to play our role in delivering affordable, acceptable, and quality health care to attain universal health coverage.


.....

Name
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the Hospital’s performance against predetermined objectives. The Hospital has 6 strategic pillars and objectives within the current Strategic Plan for the FY 2022-2023 These strategic pillars are as follows;

Health Systems Strategic Pillar	Objectives
Service Delivery	Eliminate communicable conditions
Human Resources for Health	Halt and reverse increasing burden of non-communicable conditions
Health Infrastructure	Reduce the burden of violence & injuries
Health Information	Provide essential medical services
Health Products, Vaccines & Technologies	Minimize exposure to health risk factors
Leadership & Governance	Strengthen collaboration with health-related sectors

The hospital develops its annual work plans based on the above six pillars and objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2022/2023 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service Delivery Health Information	Eliminate communicable conditions	As detailed in the Annual Work Plan 2022-23	<ul style="list-style-type: none"> ● Enhance health education ● Procurement and distribution of required health products and resources ● Data collection analysis and information dissemination ● Quarterly coordination meetings Ensure consistency of IPC resources ● Advocate for more funds ● Health education for health care workers and public sensitization and empowerment 	As detailed in the Annual Performance Review Report 2022-2023

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			<ul style="list-style-type: none"> ● Advocate for space for an isolation ward of other communicable conditions ● Improve infrastructure ● Regular maintenance of machines/equipment 	
Human Resources for Health	Halt and reverse increasing burden of non-communicable conditions	As detailed in the Annual Work Plan 2022-2023	<ul style="list-style-type: none"> ● Patient education ● Start a cancer treatment center ● Regular medical camps ● Capacity building to HCWs and general public ● Provision and maintenance of diagnostic equipment ● Lobby for more specialist ● Support for open days and CMEs ● Lobby and follow up the proposed space for gym ● Basic screening tools, equipment's and standardized schedules ● Support for electrotherapy modalities, rehabilitative support, ambulatory aids etc. ● Improve infrastructure 	As detailed in the Annual Performance Review Report 2022-2023
	Reduce the burden of violence & injuries	As detailed in the Annual Work Plan 2022-2023	<ul style="list-style-type: none"> ● Expand accident and emergency department ● Training on emergency preparedness and planning 	As detailed in the Annual Performance Review Report 2022-2023

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			<ul style="list-style-type: none"> ● Capacity building in disaster management ● lobby for more staffs ● health promotion and education on violence/injuries 	
Health Products, Vaccines & Technologies	Provide essential medical services	As detailed in the Annual Work Plan 2022-2023	<ul style="list-style-type: none"> ● lobby for more staffs ● improve infrastructure ● procurement of required health products ● resource mobilization ● improve documentation and data collection ● monitoring rational use of health products 	As detailed in the Annual Performance Review Report 2022-2023
	Minimize exposure to health risk factors	As detailed in the Annual Work Plan 2022-2023	<ul style="list-style-type: none"> ● Planting of trees within the incineration areas ● Regular repair of existing incinerator ● Construction of a new incinerator ● Replace the broken drains ● Repair the broken manhole ● Procure unblocking rods 	As detailed in the Annual Performance Review Report 2022-2023
Leadership & Governance	Strengthen collaboration with health-related sectors	As detailed in the Annual Work Plan 2022-2023	<ul style="list-style-type: none"> ● Re-establish and enhance collaboration between TL5H and key partners such as Mt. Kenya University, Shah Community ● Undertake annual stakeholders meetings 	As detailed in the Annual Performance Review Report 2022-2023

8. Corporate Governance Statement

The Hospital is governed by a Hospital Management Board (HMB). The HMB's roles includes to provide oversight over the hospitals operations, promote the development of the hospital, recommend plans and programs for implementing the county health strategies in the hospital; recommend budget estimates, establishing a hospital-community participation and feedback platform, assessing the delivery of services at the Hospital, monitoring the hospitals performance against set targets and advice the Executive Member.

The current Board of six members was gazetted on 24th March 2021, under gazette notice number 3616, by the County Executive Committee Member for Health Services. The composition, criteria, terms of service, responsibilities, conduct of business, and removal from office are stipulated in details in Section 19 of the Kiambu County Health Services Act no. 2 of 2019.

The Hospital's Board is remunerated a sitting, meal/lunch, and transport allowances at a rate of Kshs. 8,500, and Kshs. 6,000, for the Chairperson and member respectively. During this reporting period, the hospital paid a total of KShs. 159,000. The board members conduct of business is regulated as guided by the CECM-HS, the appointing authority. The Board has tenure of three years, renewable once.

9. Management Discussion and Analysis

The hospital has been registered and licensed as a level five health facility in Kenya since November 2007. Since then, the hospital has grown tremendously to a 512 beds capacity teaching and referral hospital for the region.

During the previous years, the hospital has invested heavily on infrastructure and human resources, and expanded its services portfolio to meet the ever increasing demand. These include a state of the art 112 bodies capacity funeral home and anatomy laboratory – this was through partnership with Mount Kenya University. Another impactful project undertaken by the County Government of Kiambu is the state of the art Reproductive Health Unit, a 275 beds, 7,800 square meters wing that hosts key units such a maternity ward, antenatal ward, postnatal ward, obstetrics and gynaecology ward, new born unit, three theatres, hostels, Amenity ward, and other associated facilities.

Despite these resources, the hospital faces a great challenge in meeting the high demand for its services, in lieu of limited resources such as human resources for health, health finances, and limited physical infrastructure specially Wards. The outpatient facilities are greatly constrained due to high workload, contributed greatly by inadequate public health facilities in the region. The facility is also strategically located at the intersection of two great highways, Thika superhighway, and Garissa road highway. With a rich road network connecting all regions to the hospital, the hospital is earmarked as a centre of excellence for trauma, mother and child care, and non-communicable diseases.

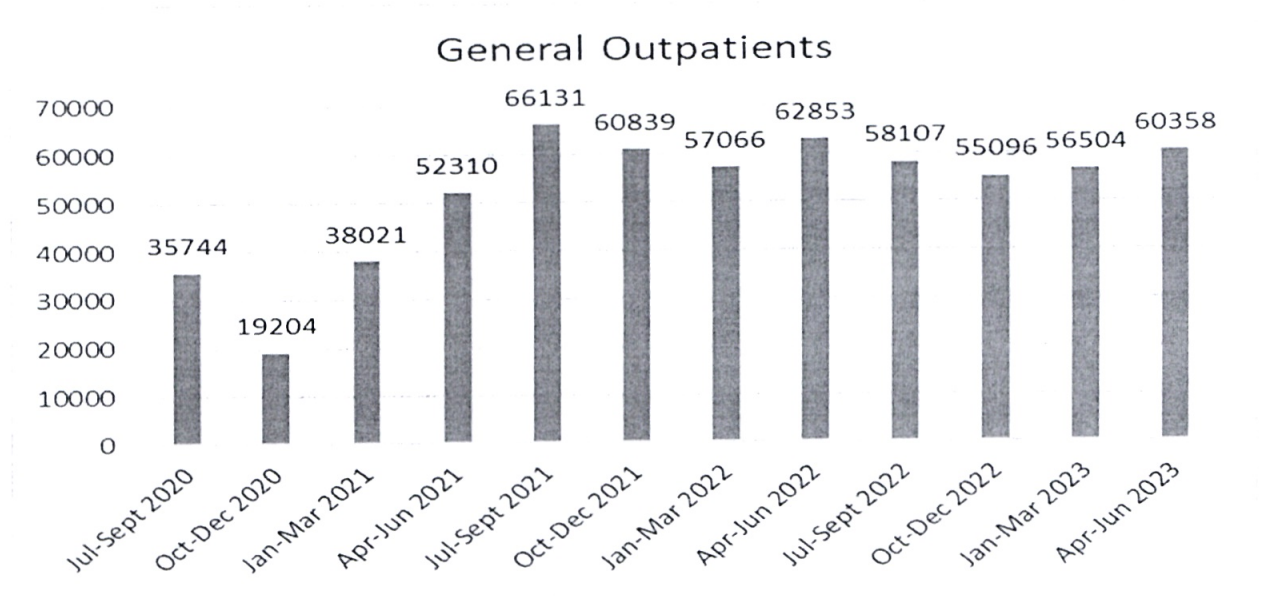
The hospital is in the process of developing an infrastructure master plan to guide its aspirations in fully modernizing its infrastructure to support other pillars of its health system for better outcomes. The second phase of this development shall be a multipurpose surgical complex to host all its surgical inpatient units, Radiology, Dental and associated support services. Other areas of investments envisioned include expansion of cancer care services, modern medical wards, administration and staff welfare facilities, and other utilities and support service areas.

The hospital has also invested well in financial and operational control systems to enable better revenue collection and administration. These include expansion of NHIF operations centres to improve efficiency – from one to five areas. This included a thorough review of our billing processes to ensure that we don't lose revenue through non-collection, under-billing, or corruption activities. The hospital's revenue has steadily improved from 35 million to 45 **million** per month for half a financial year. The hospital had a current annual budget of KShs. 572 million with over 645 health care and support workers, the hospital provides a wide array of curative and rehabilitative services, promotion and preventive services, primary health care services, and including specialised services. During this report period, the hospital provided services as presented below.

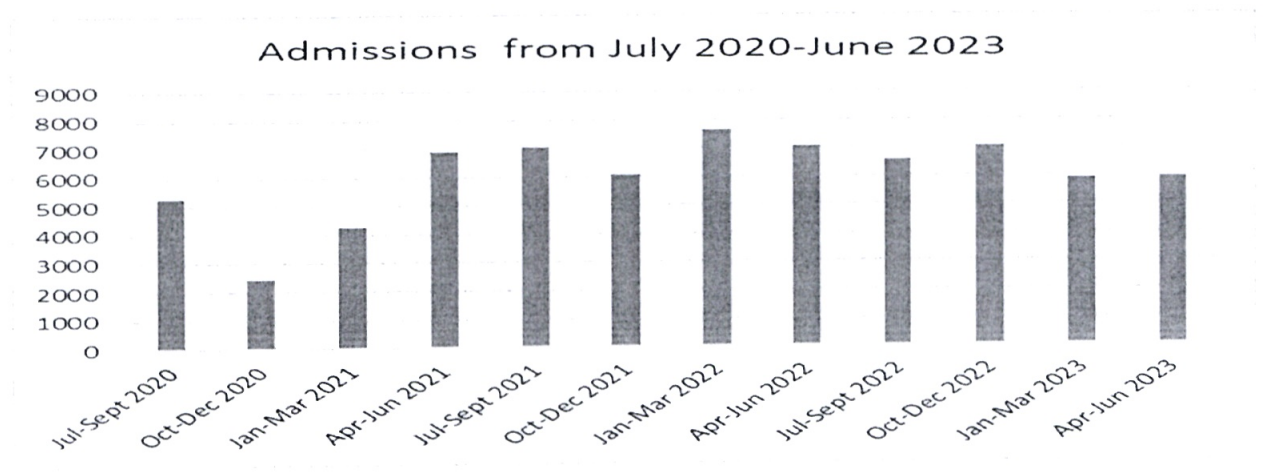
Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2023

Clinical/operational performance

GENERAL OUTPATIENTS ATTENDANCE IN QUARTERS FROM JULY 2020-JUNE 2023

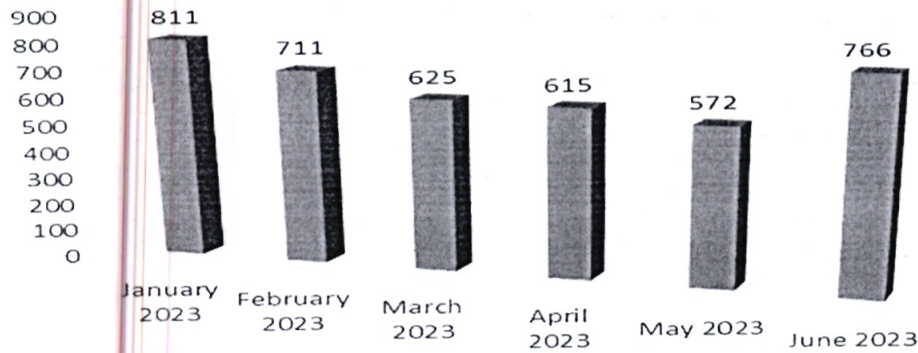


ADMISSIONS IN QUARTERS COVERING FY 2020/2021, 2021/2022 AND 2022/23



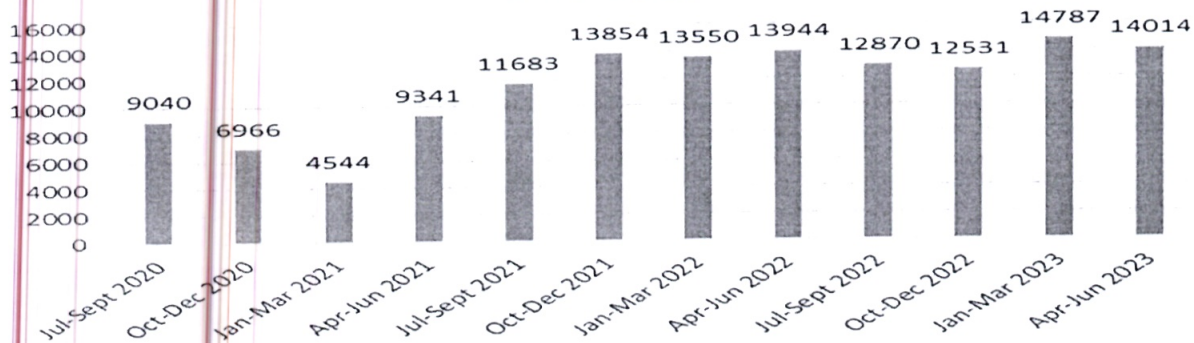
- *Accident and Emergency attendance*

Casualty Attendances from January - June 2023



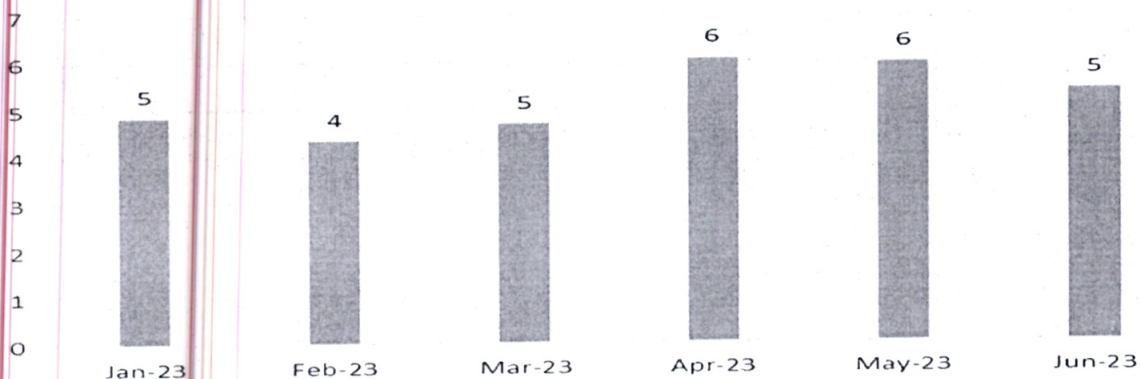
- *Specialised clinic attendance*

Specialized clinics Attendances from July 2020- June 2023

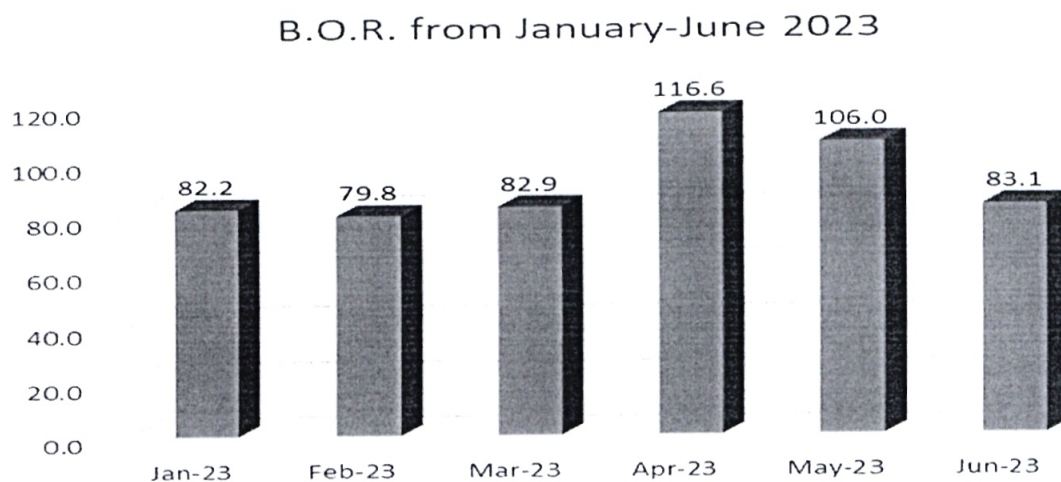


- *Average length of stay for inpatients for the period between January to June 2023.*

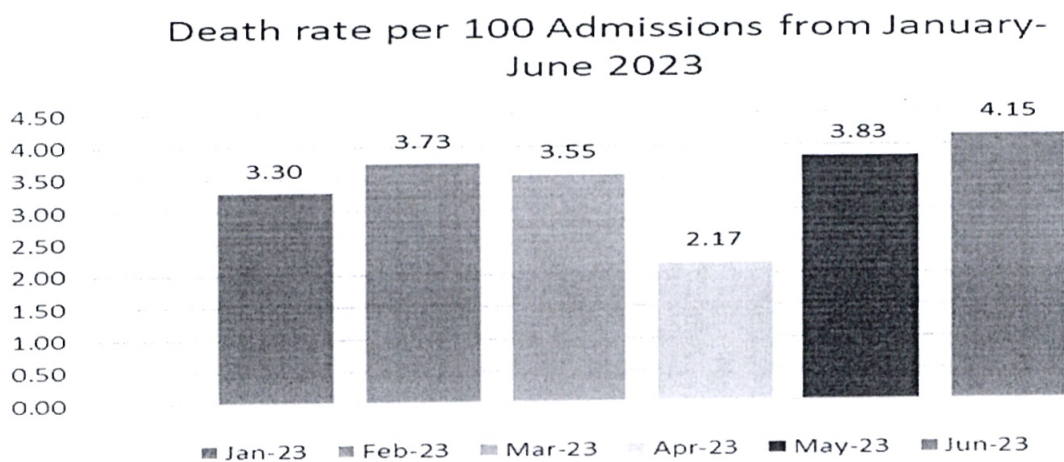
ALOS from January - June 2023



- *Bed occupancy rate*

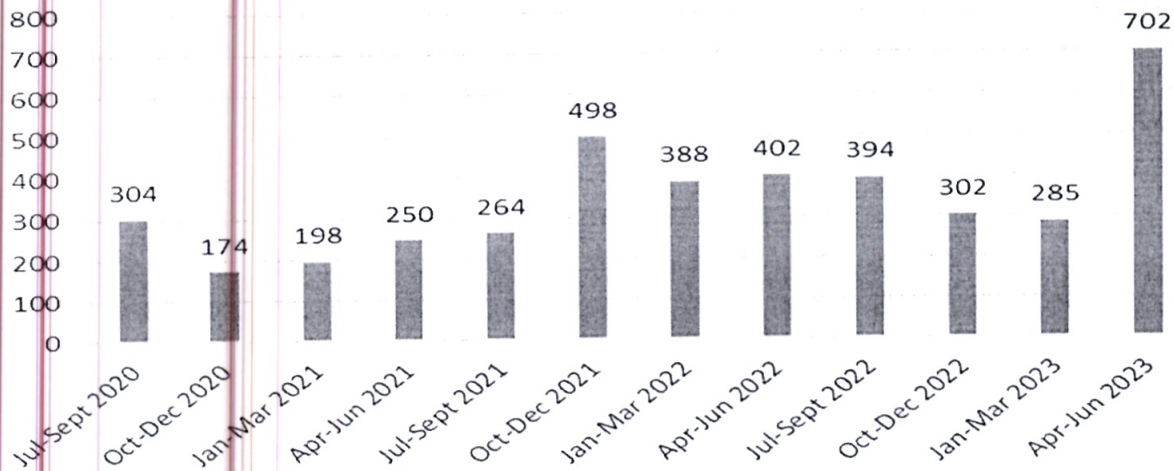


- *Mortality rate*




- *Surgical theatre utilization (number of operations over a period of time)*

Surgeries from July 2020-June 2023



Financial performance that includes: -

The hospital revenue is mostly from NHIF and facility improvement funds. This funds are utilised to run day to day hospital activities by purchasing needed commodities that include non-pharmaceuticals and pharmaceuticals services, utility bills and other development projects.

Dr Kabani 

Name
Secretary to the Board

10. Environmental and Sustainability Reporting

We intend to maintain a world class teaching and referral hospital. With a mission to continually provide quality affordable and accessible health care services to our clients which are efficient, timely, and transparent maintaining privacy, confidentiality and professionalism.

i) Environmental performance

Globally, about 13 million people die from conditions related to pollution, half of these in Africa. The health sector, in particular, is known to produce significant amounts of pollutants such as Unintentional Persistent Organic pollutants (UPOPs) and mercury.

According to WHO, around 80% of healthcare waste is non-hazardous and 15% is infectious. The remaining 5% is made up of sharps (1%), toxic chemicals, pharmaceuticals (3%), genotoxic, and radioactive waste (1%) (WHO, 2007).

On realization that poor management of health care waste poses risk of exposure and subsequent transmission of infections resulting in pollution of air, water, land and significantly contributes to adverse effects on human and animal health as well as the environment, we remain committed to implementation of the Kenya Injection Safety policy and the healthcare waste management policy guidelines.

The huge waste produced including the biodegradable waste, is simply dumped in the open becoming an eyesore in our towns and this also provide conducive environment for the breeding of rodents, vermin, pests and attracts scavengers not to mention the unrestrained emission of methane into the atmosphere as a result of the decomposition thus polluting the environment.

Thika Level 5 Hospital being one of the biggest referral hospital in Kiambu County with a population of six hundred (600) health workers, eight hundred (800) outpatients and around five hundred (500) bed capacity (inpatients).

The future on waste management in our institution is to recycle waste in anticipation to produce biogas that will be utilized in hospital kitchen cooking, heating of bathing water in wards, laundry use, utensils cleaning and incineration of sharps and infectious waste.

We remain committed to realization of green economy that encompasses all activities or actions that help reduce carbon emissions into the atmosphere which is a major component of greenhouse gases that enhances global warming thus causing climate change.

Further, green economy upholds the efficient use of natural resources and energy while enabling economic growth that supports creation of job opportunities and improvement of livelihoods thus alleviating poverty and by far promoting the health standards of the communities we serve as well as them that live in our neighbourhood.

There has been deliberate move to collaborate with the Horticultural Society of Kenya in our effort towards carbon sinking where we have planted over two hundred (200) trees within our institution and continue to nurture them with anticipation of attaining 100% tree survival.

ii) Employee welfare

Healthcare worker safety cannot be separated from patient safety as health and safety risks to healthcare workers directly affect and impact on patient outcomes. In 2020, the toll of the COVID-19 pandemic brought increased recognition of risks to patients and healthcare workers. The physical and psychological safety of healthcare workers was greatly compromised due to the risk of exposure to infection, together with the capacity and financial stability of health care systems. Situational factors, such as staffing shortages, shortages of PPEs, inadequate skills to deal with unfamiliar scenarios, all disrupted existing care processes in most health systems. In recognition of this challenge, the World Patient Safety Day, 17 September 2020, was dedicated to the theme “Health worker safety: a priority for patient safety”.

The safety and protection of healthcare workers is key to ensuring the safety of patients as well as 144 functioning health system and society. Workers in hospitals encounter unique risks that are uncommon in other industries. In particular, hospital workers lift, reposition, and transfer patients who have limited mobility. Heavy patients can pose particular challenges for safe handling. Workers may have to interact with potentially contagious patients, hazardous materials and sharp devices contaminated with blood borne pathogens. Hospitals serve patients with physical or mental health challenges, some of which increase the likelihood of violent outbursts.

Thika level 5 hospital is committed to implementation of the existing laws, regulations, policies and strategies that support health worker safety as well as quality of care at all levels. The Constitution of Kenya Article 43(1) (a) states that every person has the right to the highest attainable standard of health, which includes the right to health care services. The Constitution envisions that the two levels of government collaborate, cooperate and consult to ensure quality health services to all Kenyans, where the national government is responsible for policy formulation and capacity building whilst the county governments are responsible for delivery of healthcare services. The Health Act No. 21 of 2017 provides mechanisms for implementation of health services in the country. This includes regulation of healthcare professionals and health products and technologies.

iii) Market place practices-

The organisation should outline its efforts to:

a. Responsible competition practice.

-The Facility practises are guided by the public procurement disposal Act 2015. This is achieved through floating of quotation and Open tenders.

b. Responsible Supply chain and supplier relations

For the Two Quarters i.e. Jan-June-2023 We've been actively paying all the debts owed to suppliers. However, the hospital has pending bills from the previous years of Approximately 130 Million.

Further the Service Contract are renewed on a yearly basis

c. *Responsible marketing and advertisement*

The Hospital Service Charter is displayed at several strategic areas to market the hospital services.

d. *Product stewardship*

This is achieved by protection of patients' medical information and privacy. We ensure that all the medical services and commodities are available.

iv) Corporate Social Responsibility / Community Engagements

The hospital conducts outreaches for various services including Ophthalmology and frequent cancer and non-communicable diseases screening and health talks to the community. The hospital also waives bills for the socially challenged individuals.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are as explained on page ii

Results

The results of the entity for the year ended June 30 2023 are set out on pages 1 to 59

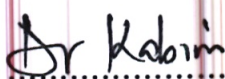

Board of Management

The members of the Board who served during the year are shown on page 1 to 59. During the year, no director(s) retired/ resigned, and no director (s) was appointed

Auditors

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

By Order of the Board

 
.....

Name

Secretary to the Board

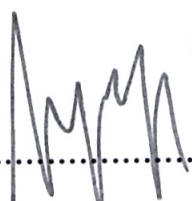
12. Statement of Board of Management's Responsibilities

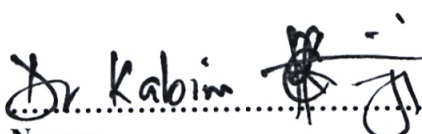
Section 81 of the Public Finance Management Act, 2012 and Kiambu County Health Services Act of 2019, require the Board of Management to prepare financial statements in respect of that Thika Level 5 Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year and the operating results of the Hospital for that year. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The board members are also responsible for safeguarding the assets of the Hospital.

The board members are responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on 30 June, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances. The board members accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The board members are of the opinion that the Hospital's financial statements give a true and fair view of the state of the Hospital's transactions during the financial year ended 30 June, 2023 and of the Hospital's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the board members to indicate that the Hospital will not Remain sustainable in offering services for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 9/7/2024 and signed on its behalf by:


.....
Name:
Chairperson
Board of Management


.....
Name:
Accounting Officer

REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON THIKA LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF KIAMBU

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Thika Level 5 Hospital – County Government of Kiambu set out on pages 1 to 54, which comprise of the statement of

financial position as at 30 June, 2023 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 Thika Level 5 Hospital - County Government of Kiambu as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Financial Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Trade and Other Payables Balance

The statement of financial position reflects a balance of Kshs.499,025,027 in respect of trade and other payables. However, Management did not submit the relevant documentation including pending invoices in support of the payables balance.

Further, a scrutiny of Note 34 to the financial, statements disclosed that the Hospital has pending bills totalling Kshs.371,873,070 or 75% of the total payables that are over a year old.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.499,025,027 could not be confirmed.

2. Lack of Provisioning on Long Outstanding Receivable from Exchange Transactions

The statement of financial position and Note 28 to the financial statements reflects receivables from exchange transactions balance of Kshs.563,509,473. An examination of the account's receivables aging listing revealed that an amount of Kshs.503,211,252 or 89% has been outstanding for a period of more than two (2) years. In addition, Management has not made any provisions against this long outstanding debt.

In the circumstances, the valuation and recoverability of the long outstanding receivables totalling Kshs.503,211,252 could not be confirmed.

3. Undisclosed Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.11,399,622 in respect of property, plant and equipment. Review of Note 31 to the financial statements revealed that the Hospital did not disclose various types of assets including the land where the

Hospital is built, the buildings and motor-vehicles. Although Management explained that it was due to the fact that the Hospital had not undertaken an assets valuation which would enable it to recognize and account for its assets from the establishment date, the Hospital only reported the existence of the assets that were procured from the 2021/2022 financial year when they submitted their first set of financial statements.

Further, the fixed assets register did not comply with The National Treasury template since it lacked critical information like the date of procurement, value of the asset, depreciation charged, location of items, serial numbers and status of the assets owned by the entity.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.11,399,622 could not be confirmed.

4. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects Kshs.373,576,255, Kshs.247,204,564, Kshs.52,964,299, Kshs.5,721,826 and Kshs.79,032,933 in respect of rendering of services – medical services income, medical/clinical costs, employee costs, repairs and maintenance expenditure and general expenses respectively which were not supported with disclosure notes.

In the circumstances, the accuracy of the cash and cash equivalent net decrease balance of Kshs.5,687,186 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Thika Level 5 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects a revenue budget of Kshs.572,901,917 and actual revenue on comparable basis of Kshs.465,724,613 resulting in an under collection of Kshs.107,177,304 or 19% of the budget.

Similarly, the statement of comparison of budget and actual amounts reflects actual total expenditure of Kshs.593,319,857 against actual receipts of Kshs.465,724,613 resulting in an over expenditure of Kshs.127,595,244 or 27% overutilization.

The underfunding and over-expenditure on some budget lines, affected some of the planned activities by the hospital and may have impacted negatively on goods and service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services - medical services income of Kshs.465,885,613 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of Public Finance and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

2. Irregular Procurements

As disclosed in Note 15 to the financial statements, included in medical/clinical costs amount is an expenditure of Kshs.160,827,974 under dressing and non-pharmaceuticals. Examination of procurement records revealed that items worth Kshs.3,980,000 were procured through a supplier that was not on the list of registered suppliers. It is therefore not clear how the procuring entity identified the firm, or the type of products they were capable of supplying. Management was in breach of Regulation 106(1) of the Public Procurement and Asset Disposal Regulation, 2020 which states an entity is not required to advertise or invite quotations from persons not shortlisted under the framework agreement where a framework agreement has been entered into and Regulation 91(5) which requires an Accounting Officer to ensure a fair and equitable rotation only amongst the persons on the prequalified list.

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

3. Lack of a Valid Service Level Agreement

An inquiry from the Hospital administration revealed that, whereas the initial contract for the supply and maintenance of medical equipment supplied under the Medical Equipment Services (MES) framework was between the Ministry of Health (MOH) and four (4) firms, no formal policy exists between the MOH and the County Governments on the who is responsible for the continued servicing and maintenance of the equipment. The previous service agreements between the MOH and the suppliers of the equipment expired in July 2023 and no preventive and annual servicing and maintenance has been undertaken since then. Details of equipment under the contract are as tabulated below;

Description of Equipment	Quantity	In- Place	Status
MOH-1-01, Anaesthetic Machine with Ventilator	3	3	Working
MOH-1-02, Electrosurgical Unit	3	3	Working
MOH-1-03, Operating Theatre Lamp, Ceiling Mounted	3	3	Working
MOH-1-04, Operating Theatre Table, Major	3	3	Working
MOH-1-05, Resuscitaire	3	3	Working
MOH-1-06, Instrument Trolley	6	6	Working
MOH-1-07, Linen Trolley	6	6	Working
MOH-1-08, Patient Stretchers/Side Rails	9	9	Working
MOH-1-09, Resuscitation Patient Trolley	3	3	Working

In the circumstances, the regularity and validity of the Medical Equipment Services framework contract could not be confirmed.

4. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits. The deficiencies are highlighted below;

Staff Requirements	Level 4 Hospital standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	50	27	23	46
Anesthesiologists	7	1	6	86
General Surgeons	4	1	3	75
Gynecologists	4	3	1	25
Radiologists	4	1	3	75

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Bed Capacity	500	490	10	2
Operational Theatres	7	5	2	29
HDU Cots in The New Born Unit	10	1	9	90
Chemotherapy Services	1	0	1	100

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Implementation of Universal Health Coverage (UHC)

Program Review of the Hospital's facilities and interviews with Management staff revealed difficulties in achieving the universal health coverage goals, which was attributed to the following challenges:

- i. Delays in supply of essential, drugs and surgical items from Kenya Medical Supplies Agency (KEMSA) and other medical suppliers.

- ii. Delays in disbursement of refund to the Hospital from the County Government Health Fund, from where the Hospital is expected to receive 80% of the total revenue collected.
- iii. Low staffing in the Hospital due natural attritions and non-replacement of exiting personnel despite low staff to patient ratio.
- iv. Huge long outstanding pending bills amounting to Kshs.171,503,218, relating to the previous years. In the circumstances, it was not possible to confirm if the Hospital provided all the health care needs of the Kiambu residents.

In the circumstances, the Hospital was in breach of the requirements for Level 4 hospital and Universal Health Coverage may not be effectively delivered at the Hospital.

2. Lack of an Approved Staff Establishment

A scrutiny of the personnel records disclosed that the Hospital does not have an approved staff establishment, contrary to Chapter 4.9.2 of the Norms and Standards for Management of Human Resources in the Public Service 2017, Staff deployment to be based on approved/authorized establishment.

In the circumstances, Management was in breach of the Human Resources Policies of the Public Service.

3. Variances on Vaccines Received by the Hospital from Ministry of Health

A comparison of the Hospitals records on vaccines received against data from the returns to the Ministry of Health Vaccine Centre revealed material variances as shown below;

Vaccine Type	MOH Vaccine Centre Data	Thika Level 5 Data	Variance
Measles-Rubella 1	1608	0	1608
Measles-Rubella 2	1090	0	1090
Rotavirus 1	2561	1873	688
Rotavirus 2	2224	1600	624
Rotavirus 3	0	953	953
Tetanus Toxoid for Trauma	0	100	100

It was therefore not possible to confirm the accuracy of the data provided by the Hospital on the vaccines administered during the year under review.

In the circumstances, the effectiveness of the controls on stocks use and management 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Oathungu, SBS
AUDITOR-GENERAL

Nairobi

10 July, 2024

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2023

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

RE-STATED

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	131,000,000.00
In-kind contributions from the County Government	7	747,831,340.00	797,008,110.00
Grants from donors and development partners	8	-	119,250.00
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		747,831,340.00	928,127,360.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	465,724,613.00	384,529,412.00
Revenue from rent of facilities	12	161,000.00	121,000.00
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
		465,885,613.00	384,650,412.00
Total revenue		1,213,716,953.00	1,312,777,772.00
Expenses			
Medical/Clinical costs	15	338,742,330.80	320,317,582.33
Employee costs	16	790,900,139.00	843,007,220.00
Board of Management Expenses	17	159,000.00	799,000.00
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	7,521,796.00	8,220,888.00
Grants and subsidies	20	-	119,250.00
General expenses	21	193,932,431.20	137,179,039.00
Finance costs	22	-	-
		1,331,255,697.00	1,309,642,979.33
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(22,830,323.00)	(14,075,363.00)

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2023

Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(22,830,323.00)	(14,075,363.00)
Net Surplus / (Deficit) for the year		(140,369,067.00)	(10,940,570.33)
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The Hospital's financial statements were approved by the Board on 9/7/2024 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No:

.....
Medical Superintendent

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2023

15. Statement of Financial Position as at 30th June 2023

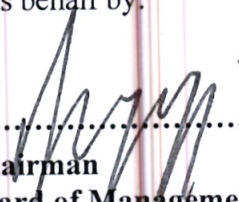
RE-STATED

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	2,334,381.16	8,021,568.38
Receivables from exchange transactions	28	563,509,473.86	556,153,768.24
Receivables from non-exchange transactions	29	-	-
Inventories	30	40,312,858.40	17,293,572.00
Total Current Assets		606,156,713.42	581,468,908.62
Non-current assets			
Property, plant, and equipment	31	11,399,622.00	7,323,302.00
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		11,399,622.00	7,323,302.00
Total assets		617,556,335.42	588,792,210.62
Liabilities			
Current liabilities			
Trade and other payables	34	499,025,027.55	371,873,070.75
Refundable deposits from customers/Patients	35	1,379,179.00	1,379,179.00
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
Total Current Liabilities		500,404,206.55	373,252,249.75
Non-current liabilities			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
Social Benefits	41	-	-
Total Non-current liabilities		-	-
Total Liabilities		500,404,206.55	373,252,249.75

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2023

Net assets		-	-
Revaluation reserve		-	
Accumulated surplus/Deficit		(140,369,067.00)	(10,940,571.13)
Capital Fund		257,521,195.87	226,480,532.00
Total Net Assets and Liabilities		617,556,335.42	588,792,210.62


The Hospital's financial statements were approved by the Board on 9/7/2024 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021 (previous year)				
Revaluation gain				-
Surplus/(deficit) for the year		(10,940,571.13)	-	(10,940,571.13)
Capital/Development grants			226,480,532.00	226,480,532.00
As at June 30, 2022 (previous year)		(10,940,571.13)	226,480,532.00	215,539,960.87
				-
At July 1, 2022 (current year)		(10,940,571.13)	226,480,532.00	215,539,960.87
Revaluation gain				-
Surplus/(deficit) for the year		(140,369,067.00)	-	(140,369,067.00)
Capital/Development grants			257,521,195.87	257,521,195.87
At June 30, 2023(current year)		(151,309,638.13)	484,001,727.87	332,692,089.74

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

RE-STATED

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		9,895,500.00	131,000,000.00
Grants from donors and development partners		-	119,250.00
Transfers from other Government entities			
Public contributions and donations		-	-
Rendering of services- Medical Service Income		373,576,255.80	222,341,126.80
Revenue from rent of facilities		-	
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		383,471,755.80	353,460,376.80
Payments			
Medical/Clinical costs		247,204,564.00	188,879,106.00
Employee costs		52,964,299.00	33,089,400.00
Board of Management Expenses		159,000.00	799,000.00
Repairs and maintenance		5,721,826.00	6,379,328.00
Grants and subsidies		-	119,250.00
General expenses		79,032,933.00	57,756,340.00
Finance costs		-	
Refunds paid out		-	-
Total Payments		385,082,622.00	287,022,424.00
Net cash flows from operating activities	42	(1,610,866.20)	66,437,952.80
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		4,076,320.00	5,473,868.00
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		4,076,320.00	5,473,868.00
Cash flows from financing activities			-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

Thika Level 5 Hospital (Kiambu County Government)
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Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(5,687,186.20)	-
Cash and cash equivalents as at 1 July 2022	27	8,021,568.00	8,021,568.00
Cash and cash equivalents as at 30 June 2023	27	2,334,381.80	-

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

RE-STATED

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
	Kshs	Kshs	Kshs	Kshs		Kshs
Revenue						
Transfers from the County Government	-	-	-	-	-	
Grants from donors and development partners	-	-	-	-	-	
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Rendering of services- Medical Service Income	572,901,917.00	-	572,901,917.00	465,724,613.00	107,177,304.00	81.29%
Revenue from rent of facilities	-	-	-	161,000.00	(161,000.00)	
Finance / interest income	-	-	-	-	-	
Other receipts (specify)	-	-	-	-	-	
Total income	572,901,917.00	-	572,901,917.00	465,885,613.00	107,016,304.00	81.32%
			-	-		
Expenses						
Medical/Clinical costs	242,758,976.00	-	242,758,976.00	338,742,330.80	(95,983,354.80)	139.54 %

*Thika Level 5 Hospital (Kiambu County Government)**Amended Annual Report and Financial Statements for The Year Ended 30th June 2023*

Employee costs	36,850,000.00	-	36,850,000.00	52,964,299.00	(16,114,299.00)	143.73 %
Remuneration of directors	400,000.00	-	400,000.00	159,000.00	241,000.00	39.75%
Repairs and maintenance	11,650,000.00	-	11,650,000.00	7,521,796.00	4,128,204.00	64.56%
Grants and subsidies	-	-	-	-	-	
General expenses	182,379,383.40	-	182,379,383.40	193,932,431.20	(11,553,047.80)	106.33 %
Finance costs		-	-		-	
Refunds		-	-		-	
Total expenditure	474,038,359.40	-	474,038,359.40	593,319,857.00	(119,281,497.60)	125.16 %
Surplus for the period	98,863,557.60	-	98,863,557.60	(127,434,244.00)	226,297,801.60	- 128.90 %
Capital expenditure	98,863,557.00	-	98,863,557.00	4,076,320.00	94,787,237.00	4.12%

19. Notes to the Financial Statements

1. General Information

Thika Level 5 entity is established by and derives its authority and accountability from Public Finance Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The entity's principal activity is as described in page iii of this report

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>

Thika Level 5 Hospital (Kiambu County Government)
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Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement Standard</i> no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <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 Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires:-</p> <ol style="list-style-type: none"> 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: 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><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) *Early adoption of standards*

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

Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022-2023 was approved by Board on **July 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2022-2023 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page **1-59** under section 2 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *not stated* years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 46*

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

u. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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Notes to Financial Statements Continued

5. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs			
			KShs	KShs	KShs
Kiambu County Government	-	-	-	-	131,000,000.00
Total	-	-	-	-	131,000,000.00

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages for Casuals	9,895,500.00	797,008,110.00
Salaries and wages for Permanent and Pensionable	737,935,840.00	
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	747,831,340.00	797,008,110.00

7. Grants From Donors and Development Partners

8.

Description	2022/23	2021/22
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>) AMREF GLOBAL	-	119,250.00
Total grants from development partners	-	119,250.00
<i>(Provide brief explanation for this revenue)</i>		

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

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

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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022/23	2021/22
	Kshs	Kshs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

9(b) Reconciliations of amortised grants

Description	2022/23	2021/22
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

10. Public Contributions and Donations

Description	2022/23	2021/22
	Kshs	Kshs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Pharmaceuticals	40,111,615.07	26,673,431.00
Non-Pharmaceuticals	-	-
Laboratory	43,857,483.00	40,478,129.00
Radiology	33,908,853.00	44,623,817.00
Orthopedic and Trauma Technology	3,672,600.00	9,759,881.00
Theatre	11,655,160.00	13,452,237.00
Accident and Emergency Service	6,594,975.00	6,908,792.00
Anesthesia Service	-	-
Ear Nose and Throat service	2,238,850.00	1,327,400.00
Nutrition service	273,048.00	214,661.00
Cancer centre service	-	-
Dental services	4,665,100.00	3,586,000.00
Reproductive health	4,675,970.00	4,924,632.00
Paediatrics services	11,467,021.00	8,338,923.00
Farewell home services	21,477,210.00	21,465,430.00
Other medical services income	28,227,119.93	50,063,495.00
Inpatient (wards)	22,737,959.00	-
NHIF income	230,161,649.00	152,712,584.00
TOTAL	465,724,613.00	384,529,412.00

12. Revenue From Rent of Facilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Residential property		-
Commercial property	161,000.00	121,000
Total Revenue from rent of facilities	161,000.00	121,000

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Notes to the Financial Statements (Continued)

13. Finance /Interest Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Dental costs/ materials	2,583,750.00	1,709,489.00
Laboratory and Renal chemicals and reagents	48,071,271.00	36,323,602.00
Public health activities	200,000.00	250,000.00
Food and Ration	27,310,342.00	22,595,904.00
Uniform, clothing, and linen	1,924,245.00	197,240.00
Dressing and Non-Pharmaceuticals	160,827,974.00	177,958,785.00
Pharmaceutical supplies	50,749,900.00	32,690,175.33
Health information stationery	5,681,320.00	5,373,550.00
Reproductive health materials	-	-
Sanitary and cleansing Materials	3,651,451.00	3,453,500.00
Purchase of Medical gases	5,331,871.80	12,308,365.00
X-Ray/Radiology supplies	23,771,706.00	18,990,972.00
Other medical related clinical costs (orthopaedic implants)	8,638,500.00	8,466,000.00
Total medical/ clinical costs	338,742,330.80	320,317,582.33

16. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries, wages, and allowances	737,935,840.00	797,008,110.00
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	52,964,299.00	45,999,110.00
Employee costs	790,900,139.00	843,007,220.00

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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	159,000.00	799,000.00
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	159,000.00	799,000.00

18. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

19. Repairs And Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property- Buildings	3,096,375.00	5,171,052.00
Medical equipment	-	58,000.00
Office equipment/Other Equipments	3,074,665.00	2,403,272.00
Furniture and fittings	-	-
Computers and accessories	-	169,750.00
Motor vehicle expenses	1,350,756.00	418,814.00
Maintenance of civil works	-	-
Total repairs and maintenance	7,521,796.00	8,220,888.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	119,250.00
Total grants and subsidies	-	119,250.00

21. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Advertising and publicity expenses	-	274,920.00
Catering expenses	513,200.00	1,131,820.00
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	95,646.00	30,594.00
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	56,158,538.00	57,153,413.00
Electricity expenses	21,780,854.00	15,510,996.00
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	264,200.00	164,300.00
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	12,235,341.00	6,994,095.00
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	12,548,582.00	6,754,297.00
Skills development levies	-	-
Telephone and mobile phone services	885,000.00	725,142.00
Internet expenses	632,261.00	571,358.00
Staff training and development	205,434.00	-

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Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical,	-	-
Library books/Materials	-	-
Parking charges	-	-
Fuel and Lubricants	1,431,337.00	-
Other Fuel(cooking Gas,firewood,Charcoal)	5,798,860.00	-
Other Expenses	297,900.00	17,064,628.00
20%fund account expenses	81,085,278.20	30,803,476.00
Total General Expenses	193,932,431.20	137,179,039.00

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

Description	2022-2023	2021-2022
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)
25. Medical Services Contracts Gains /Losses

Description	2022-2023	2021-2022
	KShs	KShs
Comprehensive care contracts with NHIF		
Non- Comprehensive contracts care with NHIF	-	
Linda Mama Program	-	
Waivers and Exemptions	(22,830,323.00)	(14,075,363.00)
Total Gain/Loss	(22,830,323.00)	(14,075,363.00)

26. Impairment Loss

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Current accounts	1,177,448.16	8,021,568.38
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	1,156,933.00	-
Total cash and cash equivalents	2,334,381.16	8,021,568.38

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Notes to the Financial Statements (Continued)
27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2022-2023	2021-2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank-FIF	1157019552	85,708.78	183.00
Kenya Commercial bank-NHIF	1256599956	1,182.00	7,367,573.00
Family Bank-Grant Account	005000067439	36,145.38	43,742.38
Family Bank-Revenue Account	001000053774	1,054,412.00	-
MPESA Paybill acc 7146435	7146435	1,156,933.00	610,070.00
Sub- total		2,334,381.16	8,021,568.38
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		2,334,381.16	8,021,568.38

28. Receivables From Exchange Transactions

Description	2022-2023	2021-2022
	KShs	KShs
Medical services receivables	563,509,473.86	556,153,768.24
Rent receivables	-	-
Other exchange debtors		
Less: impairment allowance	-	-
Total receivables	563,509,473.86	556,153,768.24

Analysis of Receivables From Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	60,298,222.00	10.70%	202,626,242.80	36.43%
Between 1- 2 years	149,683,726.00	26.56%	173,991,992.00	31.28%
Between 2-3 years	173,991,992.00	30.88%	123,876,851.44	22.27%
Between 3-4 years	123,876,851.86	21.98%	55,658,682.00	10.01%
Over 4yrs	55,658,682.00	9.88%	-	
Total (a+b)	563,509,473.86		556,153,768.24	

29. Receivables From Non-Exchange Transactions

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

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

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30. Inventories

Description	2022-2023	2021-2022
	KShs	KShs
Pharmaceutical supplies	13,590,694.40	-
Non -Pharmaceutical supplies	15,657,086.00	14,205,069.00
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies	1,017,933.00	132,323.00
General supplies	1,923,575.00	2,956,180.00
Dental Supplies	833,560.00	
X-Ray Supplies	3,401,350.00	
Renal supplies	3,888,660.00	
Less: provision for impairment of stocks	-	-
Total	40,312,858.40	17,293,572.00

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Building s and Civil works	Motor vehicles	medical Equipment	furniture	computers	Capital	Total
							Work in progress	
	Shs		Shs				Shs	Shs
Cost								
At 1 July 2020	-	-	-				-	-
Additions	-	-	-				-	-
Disposals	-	-	-				-	-
Transfers/adjustments	-	-	-				-	-
At 30th June 2022	-	-	-	-	-	-	-	-
								-
At 1 st July 2022	-	-	-	4,332,822.00	630,000.00	2,360,480.00	-	7,323,302.00
Additions	-	-	-	1,000,000.00	706,800.00	2,369,520.00	-	4,076,320.00
Disposals	-	-	-				-	-
Transfer/adjustments		-					-	-
At 30th June 2023	-	-	-	5,332,822.00	1,336,800.00	4,730,000.00	-	11,399,622.00
								-
Depreciation and impairment								-
At 1 July 2020	-	-	-				-	-
Depreciation for the year	-	-	-				-	-

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Disposals	-	-	-				-	-
Impairment	-	-	-				-	-
At 30 June 2021	-	-	-				-	-
At July 2021	-	-	-				-	-
Depreciation	-	-	-				-	-
Disposals	-	-	-				-	-
Impairment	-	-	-				-	-
Transfer/adjustment	-	-	-				-	-
At 30th June 2023	-	-	-				-	-
	-	-	-				-	-
Net book values	-	-	-				-	-
At 30 th June 2022	-	-	-				-	-
At 30 th June 2023	-	-	-	5,332,822.00	1,336,800.00	4,730,000.00	-	11,399,622.00

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022-2023	
	KShs	
Trade payables	-	499,025,027.55
Employee dues	-	-
Third-party payments (e.g. unremitted payroll deductions)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	-	499,025,027.55
Ageing analysis:	Current FY	% of the Total
Under one year	127,151,956.80	25.48%
1-2 years	196,658,403.33	39.41%
2-3 years	89,088,252.98	17.85%
Over 3 years	86,126,414.44	17.26%
Total	499,025,027.55	

35. Refundable Deposits from Customers/Patients

Description	2022-2023	
	KShs	
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (specify)	-	1,379,179
Total deposits		1,379,179.00
Ageing analysis:	Current FY	% of the Total
Under one year	-	%
1-2 years	-	%
2-3 years	1,379,179.00	100.00%
Over 3 years		%
Total	1,379,179.00	%

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Notes to the Financial Statements (Continued)

36. Provisions

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

37. Finance Lease Obligation

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

38. Deferred Income

Description	2022-2023	2021-2022
	KShs	KShs
Current Portion		
Non-Current Portion		
Total		

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

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

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

Description	2022-2023	2021-2022
	KShs	KShs
Current Obligation		
Non-Current Obligation		
Total		

(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).

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

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

41. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
People Living with Disabilities benefit Scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

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.

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	(140,369,067.00)	(10,940,571.13)
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	
Increase in inventory	(23,019,286.40)	(17,293,572.00)
Increase in receivables	(7,355,705.62)	(171,868,914.20)
Increase in deferred income	-	
Increase in payables	169,133,192.82	196,658,403.33
Increase in payments received in advance	-	-
Net cash flow from operating activities	(1,610,866.20)	(3,444,654.00)

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing
	Kshs	Kshs
At 30 June 2022 (previous year)		
Receivables from exchange transactions	556,153,768.24	-
Receivables from –non-exchange transactions	-	-
Bank balances	8,021,568.38	
Total	564,175,336.62	-
At 30 June 2023 (current year)		
Receivables from exchange transactions	563,509,473.86	
Receivables from –non-exchange transactions	-	
Bank balances	2,334,381.16	
Total	565,843,855.02	

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Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2023				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022(previous year)			
Euro	10%		
USD	10%		
2023 (current year)			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	(140,369,067.00)	(10,940,571.13)
Capital reserve	257,521,195.87	226,480,532.00
Total funds	117,152,128.87	215,539,960.87
Total borrowings		
Less: cash and bank balances		
Net debt/ <i>(excess cash and cash equivalents)</i>		
Gearing		

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

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

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Description	2022-2023	2021-2022
	Kshs	Kshs
Total		

45. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

46. Contingent Liabilities

Contingent liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court case xxx against the company		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

47. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

Thika Level 5 Hospital (Kiambu County Government)
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50. Currency

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

20. Appendices

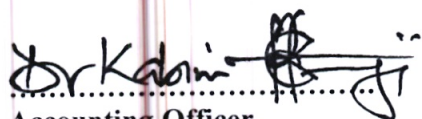
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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


 Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

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

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Appendix III: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2023				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2023 (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 Accounts Department of the beneficiary entity:

Name SignDate

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Appendix IV Reporting of Climate Relevant Expenditures

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

XX Hospital (XX County Government)
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Appendix V: Disaster Expenditure Reporting Template

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