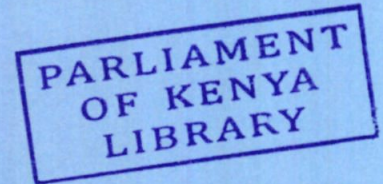




OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

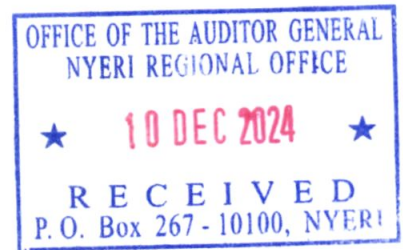
**NYERI COUNTY HEALTH SERVICES**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**

PAPERS LAID	
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**NYERI COUNTY HEALTH SERVICES FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
HSF	Health Service Board
AWP	Annual Work Plan
Kshs	Kenya Shillings
KHSSP	Kenya Health Sector Strategic Plan

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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## **2. Key Entity Information and Management**

### **a) Background information**

Nyeri County Health Services Fund is established by and derives its authority and accountability from Nyeri County Health Fund Act, 2021 on 1<sup>st</sup> July, 2021. The Fund is wholly owned by the County Government of Nyeri and is domiciled in Kenya.

The objectives of the Health Services Fund are as follows:

- (a) Improve the quality of Health Care Services
- (b) Ensure facilities have better access to financial resources
- (c) Ensure health facilities are responsive to medical and public health emergencies

### **b) Principal Activities**

The Fund Board shall-

- (a) provide oversight of the administration of the moneys drawn from the Fund;
- (b) mobilize resources for the Fund;
- (c) provide guidance to the Hospital management boards on-
  - (i) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
  - (ii) approval of primary health services expenditure plans
- (d) Receive reports from the Hospital management boards for its consideration and adoption.

### **c) Board of Trustees/Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Anthony Maina Mithanga	Fund Board Chairman
2	Jesse Armstrong Kamau	Fund Board Vice Chairman
3	Moses Gachanja Githinji	Fund Administrator/Secretary
4	Ibrahim Adan	Member
5	Dr. Nelson Mwangi Muriu	Member
6	Dr. Francis Kimani Mwihi	Member
7	John Ngugi	Member
8	Robin Muriuki Ndegwa	Member

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**d) Key Management Team**

Ref.	Name	Position
1	Ibrahim Adan	Chief Officer Health Services
2	Dr. Nelson Mwangi Muriu	Director Health Services
3	Moses Gachanja Githinji	Fund Administrator

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	John K.Muchira

**f) Registered Offices**

P.O. Box 1112-10100  
Block 'A' Building/Regional Commissioners Offices  
Nyeri / Kamakwa Road  
Nyeri, KENYA

**g) Fund Contacts**

P.O. Box 1112-10100  
E-mail: .go.ke  
Website: www.nyeri.go.ke

**h) Fund Bankers**

1. Co-op Bank of Kenya  
Kenyatta Avenue  
P.O. Box 192  
Nyeri 10100  
Nyeri, Kenya
2. KCB Bank  
Kenyatta Avenue  
P.O Box  
Nyeri 10100

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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






**j) Principal Legal Adviser**




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

**k) County Attorney**

Office of County Attorney  
Nyeri County  
Nyeri County Governor's Office  
P.O. Box 1112  
Nyeri 10100  
Nyeri, Kenya




**3. Board of Management**

Name	Details of qualifications and experience
<p>1. Anthony Maina Mithanga</p> 	<p>Chairman of the Board. Date of Birth 1968; University Education; BSC in Computer Science. Managing Director in a Private Firm for more than 10 years.</p>
<p>2. Jesse Armstrong Kamau</p> 	<p>Vice Chairman of the Board. Date of Birth 1957; Education; 'A' Level. Banker for more than 20 years.</p>
<p>3. Ibrahim Adan</p> 	<p>Executive Member of the Board. Date of Birth 1986; University Education; BBA in Accounting and Finance and Certified Public Accountant/ Secretary of Kenya; Masters in Strategic Management. Head of Finance in NGO/ Government of Kenya for more than 15 years.</p>
<p>4. Dr. Nelson Mwangi Muriu</p> 	<p>Executive Member of the Board. Date of Birth 1980; University Education; MBChB – Masters in Epidemiology. Worked with the Government of Kenya for more than 15 years.</p>
<p>5. Dr. Francis Kimani Mwihi</p> 	<p>Independent Member of the Board. Date of Birth 1954; University Education; PhD in Public Health Management. Director of Health Services in the Government of Kenya for more than 10 years.</p>

<p>6. John Ngugi</p> 	<p>Executive Member of the Board. Date of Birth 1968; University Education; BSC in Agricultural Engineering and Certified Public Accountant of Kenya. Head of Finance in the Government of Kenya for more than 30 years.</p>
<p>7. Robinson Ndegwa</p> 	<p>Independent Member of the Board. Date of Birth 1971; University Education; B.A. of Arts in Political Science. Director of a Private Company in Kenya for more than 10 years.</p>
<p>8. Moses Githinji</p> 	<p>Executive Member of the Board. Date of Birth 1972; University Education; BBA Finance and Certified Public Accountant of Kenya. Accountant for more than 25 years.</p>

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**4. Management Team**

Name	Detail of qualifications and experience
<p>1. Ibrahim Adan</p> 	<p>Chief Officer for Health Services            Date of Birth 1986;            University Education; BBA in Accounting and Finance and Certified Public Accountant/ Secretary of Kenya; Masters in Strategic Management.            Head of Finance in NGO/ Government of Kenya for more than 15 Years.</p>
<p>2. Dr. Nelson Mwangi Muriu</p> 	<p>Director Health Services            Date of Birth 1980;            University Education; MBChb – Masters in Epidemiology.            Worked with the Government of Kenya for more than 15 Years.</p>
<p>3. Moses Gachanja Githinji</p> 	<p>Fund Administrator            Date of Birth 1972;            University Education; BBA Finance and Certified Public Accountant of Kenya.            Accountant in Government of Kenya for more than 20 years.</p>

## **5. Board/Fund Chairperson's Report**

### **Foreword note by the Chairperson of the Health Services Fund Board**

Health financing is a key investment area in the health system that enables progress towards achievement of Universal Health Coverage. To achieve this, Nyeri County Government through the County Assembly enacted the Nyeri Health Services Fund Act in 2021 to ensure sustainable financing of health services in county health facilities. The objective of the Fund is to ensure facilities have better access to financial resources making them more responsive to medical and public health emergencies.

- ***Changes in the Fund during the year (in terms of the board or key management team)***

During the year Mr. Jesse Armstrong Kamau the Vice Chairman of the Board and the representative of Level 2 and 3 health facilities term expired in September, 2023 and the replacement will be done as per the Act .Also the Fund Administrator Mr Richard Kimani was replaced by Mr Moses Githinji.

The two Level 4 representatives' board Members three years term will expire in September 2024 and the process of replacing the retiring/rotational board members is being undertaken by the department of health as stipulated by the Nyeri County Health Services Fund Act 2021.

- ***Review of the Fund's performance***

The Health Services Fund set a target of Kshs. 652 Million to Hospitals and facilities for revenue collection.

By 30<sup>th</sup> June 2024, the fund was able to raise Ksh. 748 Million translating to 114% of the targeted collection. The increase was occasioned by the National Hospital Insurance Fund paying a lot of arrears of the claims.

- ***Future outlook of the Fund***

Three years into its implementation, the Fund collections have grown from the initial Kshs 180 million (FY 2020/21) to Kshs 748 million (FY 2023/24). It is projected that the Fund will collect Kshs. 1 billion in the FY 2026/27.

During the year the Board conducted an End Term Evaluation which will provide an opportunity for in-depth reflection on the strategies, approaches and assumptions that have been adopted in the administration of the Fund. As the Fund ushers in new Board members, this evaluation will inform the new Board and the technical officers implementing the Fund, on the best practices to sustain, the challenges to address, and any needed corrective actions to take.

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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- *Any other matters deemed necessary*

The Nyeri County Health Services Fund provides for the retention of user fees by health facilities that are authorized to collect funds. A proportion of the funds is disbursed to primary care facilities to support services in dispensaries, health centres and our referral system in the County. Health Services Fund was to supplement the Health Department budget for provision of better health services. The Health Services Fund is the way to go in the provision of Health Services in the County and the Country at large. The turnaround time has been reduced in the provision of Health Services in the County Health Facilities.

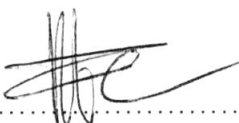
- *Conclusion*

It is my pleasure to present, on behalf of the board, the Nyeri County Health Services Fund financial statements for the year ended 30<sup>th</sup> June 2024. The financial statements present the financial performance of the fund over the past year.

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and the board for their continued support which made us achieve these results.

With a lot of humility I also wish to express my deepest gratitude to the retiring board members for their invaluable contribution to HSF board and the department of health as a whole throughout their tenure. I wish them continued good health, happiness and success in their future endeavours.

I look forward to your continued support in the year 2024/2025.

Name ANTHONY MITANGA Signature  Date 20/11/2024

Chairperson of the Board/Fund

## **6. Report of The Fund Administrator**

The County Government of Nyeri enacted the Nyeri County Health Services Fund Act in June 2021.

The Health Services Fund Board was inaugurated on 4<sup>th</sup> August, 2021 and the Fund Board held its first meeting on 12<sup>th</sup> August, 2021.

### **Establishment of the Health Services Fund**

- 1) There is hereby established a Fund to be known as the Nyeri County Health Services Fund.
- 2) The Fund shall be administered in accordance with Section 116 of the Public Finance Management Act, 2012.
- 3) There shall be paid into the fund -;
  - a) Such monies received as user fees payable, or insurance payments collectable under this Act;
  - b) Any income generated by a health facility from any project initiated by the health facility; or
  - c) Any other monies received from a lawful source.

### **Objects of the Fund**

The objects and purposes of the Fund are -

- (a) improve the quality of health care services
- (b) ensure facilities have better access to financial resources
- (c) ensure health facilities are more responsive to medical and public health emergencies
- (d) ensure an amount totalling to not less than twenty per cent of the monies are set aside for disbursement and are equitably allocated to primary health services.

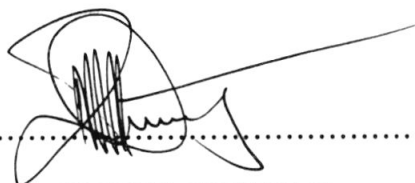
The Fund Administrator is guided by the provisions of the Nyeri County Health Services Fund Act, 2021 and its subsequent regulations.

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

The Health Services Fund set a target of Kshs.652 Million to Hospitals and facilities for revenue collection.

By 30<sup>th</sup> June 2024, the Fund was able to raise kshs. 748 Million translating to 114% of the targeted collection.

<b>HOSPITALS AND RURAL FACILITIES ACTUAL REVENUE COLLECTION</b>					
<b>FY 2023/2024</b>					
<b>FACILITY NAME</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>TOTALS</b>
Nyeri CRH	117,581,159.00	61,303,647.75	80,179,861.80	92,052,552.00	<b>351,117,220.55</b>
Karatina	54,862,048.00	28,239,129.00	32,759,193.00	47,941,634.00	<b>163,802,004.00</b>
Mukurweini	25,987,793.00	23,457,600.00	17,787,886.00	29,192,808.00	<b>96,426,087.00</b>
Othaya	11,658,389.00	10,711,377.00	11,590,891.00	14,784,048.00	<b>48,744,705.00</b>
Mt. Kenya	8,040,548.00	4,848,750.00	5,259,342.00	11,367,002.00	<b>29,515,642.00</b>
Naromoru	1,568,714.00	2,460,579.00	3,899,174.00	3,099,499.00	<b>11,027,966.00</b>
Ihururu	180,000.00	2,250,000.00	3,304,432.00	3,077,249.00	<b>8,811,681.00</b>
Karia	495,000.00	-	-	-	<b>495,000.00</b>
Level 2 & 3 (Others)	13,124,118.95	4,785,193.00	12,694,009.00	7,999,095.06	<b>38,602,416.01</b>
<b>TOTALS</b>	<b>233,497,769.95</b>	<b>138,056,275.75</b>	<b>167,474,788.80</b>	<b>209,513,887.06</b>	<b>748,542,721.56</b>



Name: **MOSES GITHINJI**

**Fund Administrator**

**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The objectives of the Fund as per the Strategic Plan for 2018-2023 are as follows;

The plan has 6 core strategic directions as outlined in the KHSSP 2018-2023

- a) Eliminate communicable conditions
- b) Halt and reverse the rising burden of non-communicable conditions and mental disorders
- c) Reduce the burden of violence and injuries
- d) Provide essential healthcare
- e) Minimize exposure to health risk factors
- f) Strengthen collaboration with private and other sectors that have an impact on health.

**Progress on attainment of Development Strategic objectives**

The Health Service Fund Annual Work Plan has four strategic objectives as follows:

- 1. Strengthen governance, planning and coordination systems
- 2. Develop new and strengthen existing initiatives to improve revenue collection and allocation
- 3. Strengthen systems for improved management and accountability for health resources
- 4. Strengthen structures for service delivery in county health facilities

<b>Objectives</b>	<b>Interventions</b>
Strengthen governance, planning, and coordination systems	Constitute and induct Boards and Committees
	Enhance structured planning in implementing Fund mandate
	Enhance structured planning in implementing Fund mandate
	Enhance coordination of HSF activities
Develop new and strengthen existing initiatives to improve revenue collection and allocation	Leverage on ICT to optimize revenue collection and allocation
	Build capacity of key staff on revenue collection
	Mobilize resources for the improvement of service delivery
	Advocate and lobby for health resources
	Strengthen capacity for management and accountability of health resources

**Nyeri County Health Services Fund**

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

Strengthen systems for improved management and accountability for health resource	Develop policies for Financial Reporting and Financial Risk Management
	Strengthen Internal Controls and financial reporting
Strengthen structures for service delivery in county health facilities	Strengthen administration of the Fund at Sub County level
	Strengthen stakeholder engagement for improved service delivery
	Monitor the overall effect of the Fund at health facility level
	Enhance visibility of the Fund through Community Engagement activities

Implementation Framework

Intervention	Activities	FY 2024/2025				FY 2025/2026	FY 2026/2027
		Q1	Q2	Q3	Q4		
<b>Objective 1: Strengthen governance, planning and coordination systems</b>							
Constitute and induct Boards and Committees	Appoint and gazette the HSF Board		X				
	Appoint and gazette HMBs		X				
	Appoint and gazette HFMCs		X				
	Induct Boards and Committees			X		X	
	Induct HFMCs			X			
Enhance structured planning in implementing Fund mandate	Develop AWP	X				X	X
	Develop Annual Fund Board Procurement Plan	X				X	X
	Develop a HSFB charter	X					
	Develop HSFB Strategic Plan		X				
	Develop annual Fund Board meetings calendar (ALMANAC)	X				X	X
	Conduct Annual Performance Review of the HSFB Work Plan					X	X
	Amend the existing Nyeri Health Service legislations				X	X	

*Nyeri County Health Services Fund*

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

Intervention	Activities	FY 2024/2025				FY 2025/2026	FY 2026/2027
		Q1	Q2	Q3	Q4		
Enhance coordination of HSF activities	Develop the Nyeri County Health Services Fund Guidelines					X	
	Hold Annual Joint Review meetings (HSFB and HMBs)				X	X	X
	Hold Annual Joint Review meetings (HSFB and HFMCs)				X	X	X
	Develop Policies and SOPs on Fund Board operations					X	
	Hold a close-out meeting for the Fund Board	X					X

Intervention	Activities	FY 2024/2025				FY 2025/2026	FY 2026/2027
		Q1	Q2	Q3	Q4		
<b>Objective 2: Develop new and strengthen existing initiatives to improve revenue collection and allocation</b>							
Leverage on ICT to optimize revenue collection and allocation	Map ICT Infrastructure requirements in health facilities		X			X	X
	Procure ICT infrastructure to support revenue management				X	X	X
Build capacity of key staff on revenue collection	Train hospitals on development of grant proposals and partner engagement				X	X	X
	Sensitize Fund Board members on new government health policies			X		X	X
Mobilize resources for improvement of service delivery	Hold advocacy meetings with SHA and other insurance providers for				X	X	X

*Nyeri County Health Services Fund*

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

Intervention	Activities	FY 2024/2025				FY 2025/2026	FY 2026/2027
		Q1	Q2	Q3	Q4		
	Health Insurance uptake						
Advocate and lobby for health resources	Conduct cost analysis for provision of health services				X	X	X

Intervention	Activities	FY 2024/2025				FY 2025/2026	FY 2026/2027
		Q1	Q2	Q3	Q4		
<b>Objective 3: Strengthen systems for improved management and accountability for health resources</b>							
Strengthen capacity for management and accountability of health resources	Train officers on financial reporting		X			X	X
	Pay annual subscription for Financial & Accounting Software			X		X	X
	Train officers on Records Management (report writing, minute writing etc)				X	X	X
Develop policies for Financial Reporting and Financial Risk Management	Develop a Financial Risk Management Policy	X					
	Develop a Financial Reporting Policy		X				
	Sensitize officers on the Risk Management Policy		X			X	X
	Sensitize officers on the Financial Reporting Policy			X		X	X
Strengthen Internal Controls and financial reporting	Conduct quarterly supportive supervision dedicated to Finance and Accounting systems	X	X	X	X	X	X
	Prepare Annual Financial Statements				X	X	X
	Pay for CPD Seminars/events for Accountants		X	X	X	X	X

**Nyeri County Health Services Fund**

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

Intervention	Activities	FY 2024/2025				FY 2025/2026	FY 2026/2027
		Q1	Q2	Q3	Q4		
<b>Objective 4: Strengthen structures for service delivery in county health facilities</b>							
Strengthen administration of the Fund at Sub County level	Hire finance staff to strengthen administration of the Fund at Sub County level	X	X	X	X	X	X
Strengthen stakeholder engagement for improved service delivery	Hold quarterly health managers' meetings	X	X	X	X	X	X
	Hold annual stakeholders' meetings				X	X	X
Monitor the overall effect of the Fund at health facility level	Hold bi-annual oversight visits to sampled health facilities	X		X		X	X
Enhance visibility of the Fund through Community Engagement activities	Conduct an annual CSR activity in the Community				X	X	X
	Deliver a Legacy Project courtesy of the Fund						X

## **8. Corporate Governance Statement**

- *The number of Board meetings held and the attendance to those meetings by member*

The Board had five meetings in the Year, with a minimum of 5 members in attendance.

- *Succession plan,*

The Tenure of the Board expires after lapse of three years. This year marks the end of the three years and the Act and regulations clearly gives the guidance on replacing the retiring independent board members. The management is not affected by the tenure of Office of Members appointed to the Board.

- *Existence of a board charter,*

The Board does not have a Charter.

- *The process of appointment and removal of Board members,*

A member shall vacate his/her position as a member of the Fund Board if he/she;

- a) is absent from three (3) consecutive meetings of the Board without written apology;
- b) violates Chapter 6 of the Constitution;
- c) voluntarily resigns from Board;
- d) dies; or

Is so incapacitated by prolonged physical or mental illness as to be unable to attend and discharge his /her duties.

- *Functions of the Board*

The Fund Board shall-

- (a) provide oversight of the administration of the moneys drawn from the Fund;
- (b) mobilize resources for the Fund;
- (c) provide guidance to the Hospital management boards on-
  - (i) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
  - (ii) approval of primary health services expenditure plans

Receive reports from the Hospital management boards for its consideration and adoption.

- *Induction and training,*

The Board members were inducted on 08<sup>th</sup> to 10<sup>th</sup> March, 2021.

- Board and member performance.

The Board performance is good on average at 99%.

- Conflict of interest.

No conflict of Interest has been noted in the management and running of the Fund Board.

- Board remuneration.

The Board Members remuneration is on sitting allowance only.

- *Ethics and conduct as well as Governance audit.*

The members conform to Chapter 6 of the Constitution on Ethics and Integrity.

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**9. Management Discussion and Analysis**

The Health Services Fund is managed by a Board of Management as per, 'The Nyeri County Health Services Fund Act, 2021'.

The Board of Management has both Executive and Non-Executive Members. The Executive members comprise Members from the Private Sector and the Executive are members of the Board in the Public Service.

## **10. Environmental and Sustainability Reporting**

Nyeri County Health Services Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Health and Economic pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile -**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **3. Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

### **4. Market place practices-**

The organisation should outline its efforts to:

#### a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

#### b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

#### c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

#### d) Product stewardship- outline efforts to safeguard consumer rights and interests

### **5. Community Engagements-**

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

**11. Report of the Health Fund Board.**

The Health Fund Board submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs as at 30<sup>th</sup> June, 2024.

**Principal activities**

The principal activities of the Fund are:

The Fund Board shall-

- (e) provide oversight of the administration of the moneys drawn from the Fund;
- (f) mobilize resources for the Fund;
- (g) provide guidance to the Hospital management boards on-
  - (iii) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
  - (iv) approval of primary health services expenditure plans
- (h) Receive reports from the Hospital management boards for its consideration and adoption.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1.

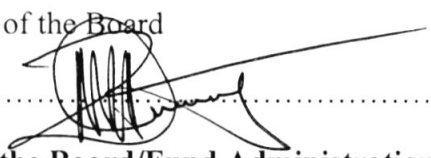
**Health Fund Board**

The members of the Board who served during the year are shown on page vi and vii. The changes in the Board during the financial year are as shown on page ix.

**Auditors**

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

By Order of the Board

.....  


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

**Date:** ..... 20/11/24 .....

**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Nyeri County Health Services Fund Act, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

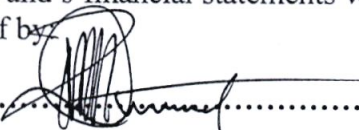
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the Nyeri County Health Services Fund Act, 2021*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 8<sup>th</sup> August 2024 and signed on its behalf by

  
.....

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY HEALTH SERVICES FUND FOR THE YEAR ENDED 30 JUNE, 2024

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### 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

#### Opinion

I have audited the accompanying financial statements of Nyeri County Health Services Fund set out on pages 1 to 37, which comprise of the statement of receipts and payments for the year ended 30 June, 2024, and the 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, the financial statements present fairly, in all material respects, the financial position of Nyeri County Health Services Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nyeri County Health Fund Act, 2021 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxiii which comprise of Key Entity Information and Management, Board and Management Team, Key Management Team, Chairman's Report, Report of the Fund Administrator, Management Discussion and Analysis, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Statement of Corporate Governance, Report of the Health Fund Board and Statement of Management Responsibilities.

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

In connection with my audit on Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact.

Based on the audit procedures performed, I confirm that Other Information is not materially inconsistent with the financial statements.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### Non-Compliance with the Required Funds Transfer Provisions

The statement of the financial performance reflects a balance of Kshs.701,812,011 as transfers to the health facilities. However, the computation of the transfers was not explained. This is contrary to Section 5 of the Nyeri County Health Services Fund Regulations, 2021 states that the following guidelines shall be observed in the operationalization of the fund –(b) 3% of the money in the fund shall be utilized for the administration of the fund while the remaining amount shall be utilized as follows- (i) 80% shall be sent back to the collection facilities to be utilized at the facility (ii) 20% shall be utilized at the County level targeting rural health facilities, preventive health services that include; support to community ambulance and supportive supervision.

In addition, no evidence was provided to confirm whether the remaining 20% balance of revenue was transferred for County - level utilization, specifically for rural health facilities and preventive health services, including support for community ambulance services and supervisory support.

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

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

## REPORT ON THE 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

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

## **Responsibilities of the Management and the Board of Management**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**30 December, 2024**


**Nyeri County Health Services Fund**


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

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

	Note	2023-2024 Kshs	2022-2023 Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfer from a County Govt Entity	1	-	3,504,722
Rollover from previous year	2	-	102,606,174
Receipts from Health Facilities	3	748,542,722	471,106,628
Revenue Transferred to Operations Account from Revenue Account	4	750,590,129	-
Other Incomes(Imprest Refund)	5	343,326	-
<b>Total Funds</b>		<b>1,499,476,177</b>	<b>577,217,524</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income			-
Other Income		-	-
<b>Total Revenue</b>		<b>1,499,476,177</b>	<b>577,217,524</b>
<b>Expenses</b>			
Employee Costs	6	-	5,264,720
Use Goods and Services	7	17,958,263	4,372,810
Revenue Transferred from Revenue A/C to Operations A/C	8	750,590,129	-
Transfers to Health Facilities	9	701,812,011	500,306,396
<b>Total Expenses</b>		<b>1,470,360,403</b>	<b>509,943,926</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets			-
Gain/Loss on Fair Value Investment			
<b>Surplus/ For The Period</b>		<b>29,115,774</b>	<b>67,273,598</b>

(The notes set out on pages 6 to 35 form an integral part of these Financial Statements)

  
 Name: Moses Githinji  
 Administrator of the Fund  
 ICPAK Member Number:  
11366

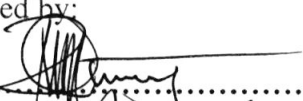
  
 Name: S. M. KIBIRU  
 Fund Accountant  
 ICPAK Member Number: 21439

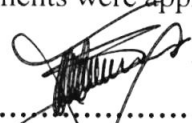
*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position as at 30 June, 2024**

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	96,389,372	67,273,598
Receivables From Exchange Transactions		-	-
Prepayments		-	-
Inventories		-	-
<b>Total Current Assets</b>		<b>96,389,372</b>	<b>67,273,598</b>
<b>Non-Current Assets</b>			
Investment in Financial Assets			
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Investment Property		-	-
<b>Total Assets</b>		<b>96,389,372</b>	<b>67,273,598</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions		-	-
Provisions		-	-
Borrowings		-	-
<b>Non-Current Liabilities</b>			
Employee Benefit Obligations		-	-
Social Benefit Liabilities		-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>			
Reserves		-	-
Accumulated Surplus		96,389,372	67,273,598
<b>Total Net Assets and Liabilities</b>		<b>96,389,372</b>	<b>67,273,598</b>

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

  
 Name: *Moses Githinji*  
 Administrator of the Fund  
 ICPAK Member Number: 11366

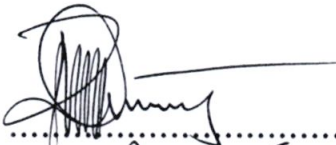
  
 Name: *S. M. KIBIRU*  
 Fund Accountant  
 ICPAK Member Number: 21439


**Nyeri County Health Services Fund**

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

**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June, 2024.**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	-	-	67,273,598	67,273,598
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	-	-	67,273,598	67,273,598
<b>Balance As At 1 July 2023</b>	-	-	67,273,598	67,273,598
Surplus/(Deficit) For the Period		-	29,115,774	28,996,869
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Expenses			-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	-	-	96,389,372	96,270,467

  
 Name: Moses Githinji  
 Administrator of the Fund  
 ICPAK Member Number:  
 11366

  
 Name: S.M. KIBIRU  
 Fund Accountant  
 ICPAK Member Number: 21439

*Nyeri County Health Services Fund*

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

**17. Statement Of Cash Flows For The Year Ended 30 June, 2024.**

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Govt Agencies	1	-	3,504,722
Rollover from previous year	2	-	102,606,174
Receipts from Health Facilities	3	748,542,722	471,106,628
Revenue Transferred to Operations Account from Revenue Account	4	750,590,129	
Other Incomes (Imprest Refunds)	5	343,326	
<b>Total receipts</b>		<b>1,499,476,177</b>	<b>577,217,524</b>
<b>Payments</b>			
Employee Costs	6	-	4,643,820
Use Goods and Services	7	17,958,263	4,993,710
Revenue Transferred from Revenue A/C to Operations A/C	8	750,590,129	-
Transfers to Health Facilities	9	701,812,011	500,306,396
<b>Total payments</b>		<b>1,470,360,403</b>	<b>509,943,926</b>
<b>Net cash flows from operating activities</b>	11	<b>29,115,774</b>	<b>67,273,598</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equip.		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>29,115,774</b>	<b>-</b>
Cash and cash equivalents at 1 July		67,273,598	-
<b>Cash and cash equivalents at 30 June</b>	10	<b>96,389,372</b>	<b>67,273,598</b>

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

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024**

Description	Original Budget	Adjustment	Final Budget	Actual Performance	Performance Difference	Percentage
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Receipts from a Health Facilities	652,382,215	-	652,382,215	748,542,721	-96,160,506	114%
Roll over ( Budgeted)	79,023,067	-	79,023,067	0	79,023,067	-
Other Income (Imprest Refund)	-	-		343,326	-343,326	100%
<b>Total Income</b>	<b>731,405,282</b>	<b>-</b>	<b>731,405,282</b>	<b>748,886,048</b>	<b>17,480,766</b>	<b>102%</b>
<b>Expenses</b>						
Fund Administration Expenses	32,827,823	-	32,827,823	17,958,263	14,869,560	54%
Transfers	698,577,459	-	698,577,459	701,812,011	3,234,552	100%
<b>Total Expenditure</b>	<b>731,405,282</b>	<b>-</b>	<b>731,405,282</b>	<b>719,770,274</b>	<b>11,635,008</b>	<b>98%</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,115,774</b>	<b>29,115,774</b>	
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Budget notes**

*The Health facilities exceeded their revenue collection target by 14 % and this was due to prompt payment by NHIF. The Fund Administration expenses had an utilisation of 55% because activities worth Kshs13.2m of FY2022/23 were rolled over to the year under review.*

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Nyeri County Health Services Fund was established by and derives its authority and accountability from the Nyeri County Health Services Fund Act, 2021. The entity is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The entity’s principal activity is to receive and distribute Funds to the Health Facilities (Hospitals and Levels 2&3).

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<i>Applicable 1<sup>st</sup> January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires,

**Nyeri County Health Services Fund**

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

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

*Nyeri County Health Services Fund*

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

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	to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i>

**(i) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year.

**1. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

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

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

**Summary of Significant Accounting Policies (Continued)**

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

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

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**b) Investment property**

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

**Summary of Significant Accounting Policies (Continued)**

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**d) Inventories**

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

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

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

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

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**f) Social Benefits**

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

**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

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

**Contingent assets**

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

**h) Nature and purpose of reserves**

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

**i) Changes in accounting policies and estimates**

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

**j) Employee benefits – Retirement benefit plans**

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

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

**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

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

**l) Borrowing costs**

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

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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.

**6. Notes To The Financial Statements Continued**

**1. Transfers from a County Government Entity**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From a County Govt. Entity	-	3,504,722
Development Funds Transfer	-	-
<b>Total</b>	<b>-</b>	<b>3,504,722</b>

**2. Rollover from Previous year**

Description	2023-2024	2022-2023
	Kshs	Kshs
Rollover from previous Year	-	102,606,174
<b>Total</b>	<b>-</b>	<b>102,606,174</b>

**3. Receipts from Health Facilities**

Description	2023-2024	2022-2023
	Kshs	Kshs
Receipts from Health Facilities	748,542,722	471,106,628
<b>Total</b>	<b>748,506,743</b>	<b>471,106,628</b>

**4. Revenue Transferred to Operation Account from Revenue Account**

	2023-2024	2022-2023
	Kshs	Kshs
Revenue transferred to Coop A/c from KCB A/c	750,590,129	-
	-	-
	-	-
	-	-
<b>Total</b>	<b>750,590,129</b>	<b>-</b>

*Nyeri County Health Services Fund*

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

**Notes to the Financial Statements Continued**

**5. Other income(Imprest Refunds)**

	2023-2024	2022-2023
	Kshs	Kshs
Imprest Refunds	343,326	-
	-	-
<b>Total Other Income</b>	<b>343,326</b>	<b>-</b>

**6. Employee Costs**

	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses	-	4,643,820
Social Security Contribution		
Other ( <i>Specify</i> )		
<b>Total</b>	<b>-</b>	<b>4,643,820</b>

**7. Use of Goods and Services**

	2023-2024	2022-2023
	Kshs	Kshs
General Office Expenses	50,000	
Board and Conferences	3,387,797	4,971,340
Daily Subsistence Allowance	604,350	-
Catering	80,697	-
Committee Allowances	1,251,200	-
Bank Charges		22,370
Fuel And Oil Costs	593,104	-
Training	10,721,000	-
Printing And Stationery	444,720	-
Furniture and Fittings	39,310	-
Computers	736,085	-
<b>Total</b>	<b>17,958,263</b>	<b>4,993,710</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42*

**8. Revenue Transferred from Revenue Account to Operations Account**

<b>Descriptor</b>	<b>2023-2024 Kshs</b>	<b>2022-2023 Kshs</b>
Transfer from KCB to COOP bank	750,590,129	-
	-	-
<b>Total</b>	<b>750,590,129</b>	<b>-</b>

**9. Transfer To Health Facilities**

<b>Descriptor</b>	<b>2023-2024 Kshs</b>	<b>2022-2023 Kshs</b>
Transfer to Hospital, Health Centres & Dispensaries	701,812,011	500,306,396
	-	-
<b>Total</b>	<b>701,812,011</b>	<b>500,306,396</b>

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**10. Cash and cash equivalents**

	2023-2024	2022-2023
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits -KCB	118,835	2,166,242
Current Account	96,270,537	65,107,356
Others ( <i>Specify</i> )		
<b>Total Cash And Cash Equivalents</b>	<b>96,389,372</b>	<b>67,273,598</b>

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

	2023-2024	2022-2023
	Kshs	Kshs
<b>a) Fixed Deposits Account</b>		
Kenya Commercial Bank	-	-
Equity Bank, Etc.	-	-
<b>Sub- Total</b>	-	-
<b>b) On - Call Deposits</b>		
Kenya Commercial Bank	118,835	2,166,242
<b>Sub- Total</b>	<b>118,835</b>	<b>2,166,242</b>
<b>Current Account</b>		
<b>c) Co-op Bank</b>	96,270,537	65,107,356
Bank B		-
<b>Sub- Total</b>	<b>96,270,537</b>	<b>67,273,598</b>
<b>Others(Specify)</b>		-
Cash In Transit		-
<b>d) Cash In Hand</b>		
<b>Sub- Total</b>		
<b>Grand Total</b>	<b>96,389,372</b>	<b>67,273,598</b>

**Nyeri County Health Services Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

**11. Cash generated from operations.**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>29,115,774</b>	<b>67,273,598</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>29,115,774</b>	<b>67,273,598</b>

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

**12. Receivables from exchange transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>		
<b>Non-Current Receivables</b>	-	-
Long Term Loan Repayments Due	-	-
<b>Total Non- Current Receivables</b>	-	-
<b>Total Receivables From Exchange Transactions</b>	-	-

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

*Nyeri County Health Services Fund*

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

	2023-2024	2022-2023
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>	-	-
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year	-	-

**13. Prepayments**

	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**14. Inventories**

	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories ( <i>Specify</i> )	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

**Notes to the Financial Statements Continued**

**15. Investments in financial assets**

	2023-2024	2022-2023
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution	-	-
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>	-	-
Bank -	-	-
Bank -	-	-
Sub- total	-	-
<b>c. Equity investments (specify)</b>	-	-
Equity/ shares in Entity -	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

**Movement of Equity Investments**

	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
<b>At the end of the year</b>	-	-

**e) Shareholding in other entities**

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

	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**16. Property, plant and equipment**

<b>At 1<sup>st</sup> July (Previous FY)</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July (Current FY)</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July (Previous FY)</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July (Current FY)</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-

**Notes To The Financial Statements (Continued)**

**17. Intangible assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**18. Investment Property**

	2023-2024	2022-2023
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

*Nyeri County Health Services Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes To The Financial Statements (Continued)**

**19. Trade and other payables from exchange transactions**

	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

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

**20. Provisions**

Description				
<b>Balance b/f</b>	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
<b>Total provisions year end</b>	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

**Notes To The Financial Statements (Continued)**

**21. Borrowings**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

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**Notes To The Financial Statements (Continued)**

**22. Employee benefit obligations**

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**23. Social Benefit Liabilities**

	2023-2024 Kshs	2022-2023 Kshs
Health social benefit scheme		
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	=	=
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>		
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

**Notes To The Financial Statements (Continued)**

**24. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

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**Other Disclosures Continued**

**e) Due to related parties**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**25. Contingent assets and contingent liabilities**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case-Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes To The Financial Statements (Continued)**

**26. Financial risk management**

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

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

**a) Credit risk**

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

Description				
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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

**b) Liquidity risk management**

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

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

Description	Contractual Maturity			
	within 12 months	more than 12 months but less than 24 months	more than 24 months but less than 36 months	Total
<b>At 30 June (Current FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June (Comparative FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Notes To The Financial Statements (Continued)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

At 30 June (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

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

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**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

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

<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>		-	-
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

**Nyeri County Health Services Fund**  
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**Notes To The Financial Statements (Continued)**

**d) Capital risk management.**

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

Description		
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**27. Events after the reporting period**

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

**28. Ultimate and Holding Entity**

The entity is a County Public Fund established by Nyeri County Health Services Fund Act under the Department of Health Services. Its ultimate parent is the County Government of Nyeri.

**29. Currency**

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

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**20. Annexes**

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

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

Auditor's Observations External Audit Finding	Description	Management Comments		
<b>Wasteful Expenditure on Staff Training</b>	All trainings were conducted in hotels and conferences facilities outside Nyeri County instead of sourcing for facilities within the County to save on subsistence allowances and other related costs. In the circumstances public funds were not prudently utilized and management was in breach of law	The Management resolved to have the training conducted outside the County to ensure there were minimum interruptions to the Officers who are In-charge of the County Health Facilities during the training period.		
Weak Internal Controls	Need of a Fund Accountant Most of the activities of the fund were carried out by the Fund Administrator and there was no segregation of duties as required.	Though the Fund Administrator carried out a lot of activities in administration of Health Services Fund as provided by the law the management explained to the Audit team that different officers are involved in preparation, requisition, examination, certifying, approval and authorization of all activities of the Fund.		

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Reference No. in the external audit report	Issue/ Observations from Auditor	Management Comments	Status (Resolved/ Not Resolved)	Timeframe (If 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 final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Administrator

**Date.....**

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**Annex II: Inter-Fund Confirmation Letter**

[NA]

[N/A]

[NA]

The [N/A] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [N/A] as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

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

**Head of Accountants department of beneficiary Fund:**

Name .....N/A..... Sign .....N/A.....Date .....

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**Reporting of Climate Relevant Expenditures**

		Project Objective	Project Activity	Q1	Q2	Q3	Q4	Source of Funds	Implementing Partner
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

**Annex IV: Reporting on Disaster Management Expenditure**

[REDACTED]						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-