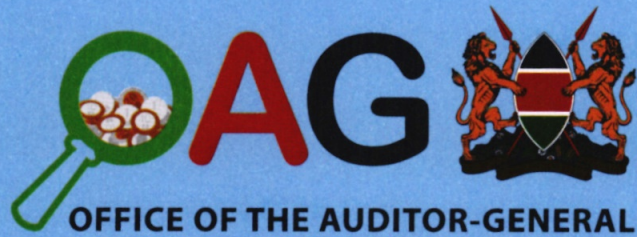


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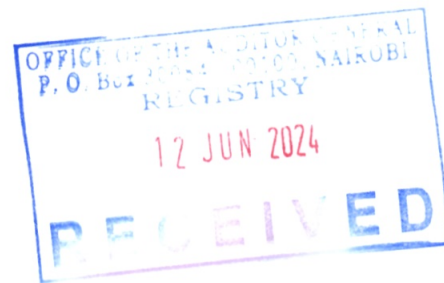
THE AUDITOR-GENERAL

ON

KERINGET LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF NAKURU



**Keringet Level 4 HOSPITAL
(Nakuru County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Keringet Sub County Hospital is a level (4) hospital established under gazette notice number 7619 of 2021 and is domiciled Kuresoi South in Nakuru County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mission/ mandate of the Keringet Level 4 hospital is to provide patient-centred healthcare with excellence in quality, service, and access.

Vision Statement

A community in which all people achieve their full potential for health and well-being. We work to be trusted by patients, a valued partner in the community, and creators of positive change.

Values Statements

Our work is guided by key values:

(i) Our Relationship with the People We Serve:

- The patient always comes first. We are dedicated to patient care.
- We treat each person with respect and dignity.

- We are compassionate listeners. We hear the issues of our patients, respect them, and do everything in our power to help.

- We provide patient-centered service. People who come to Keringet Level 4 hospital can expect polite, friendly helpful staff members who relate to each person as an individual,

recognizing their history, relationships, culture, and needs. We go the extra mile to meet their expectations.

- We believe that patients deserve to have timely access to health care and that our systems should reflect this value.

Our Approach to Health Care

- We care for the whole person, see the complexity of each person's life, and believe that addressing a broad range of human needs is the best way to improve a person's health.
- We continuously examine the services we provide and what is needed in the community. We look for gaps, fill those, and move to fill new ones. When other community resources develop to address those needs, we make intentional decisions to apply our resources differently.
- We believe that providing high quality, accessible health care is our reason for being. We seek to be a model for other community health centers.
- We use a team approach to providing health care, and involve the patient as part of our team.

Our Relationship with the Community

- We have a commitment to serving the community and providing open access to Keringet level 4 Hospital for all community members.
- Involvement by our staff in the community enhances our ability to provide effective health care. Improving the community will improve the health of our customers.
- By instilling confidence in our patients, they will become positive forces in the community and contribute to the health of others.

Our Work Environment

- In all we do, we actively pursue excellence and search for the next level of accomplishment.
- We take pride in our work.
- We create a dynamic, forward-moving, innovative organization.
- Our integrity and ethics will never be compromised.
- We are good stewards of limited resources so that we can most effectively meet the many needs of our patients and the community. At the same time, caring for people is our primary focus.

- We are as respectful, friendly, helpful, and supportive to one another as we are to our patients. Administrators seek to treat employees in the same way that employees treat patients.
- Teamwork is central to our work. We each take the responsibility to contribute effectively to teams.
- We each are dedicated to our patients, and to the community.
- We share a common mission of serving others through spirit-based leadership.
- We recognize and appreciate the contributions and accomplishments of individuals and teams.
- We have a strong work ethic, yet we don't stifle our individual personalities.

(c) Key Management

The Keringet Level 4 Hospital's management is under the following key organs:

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Names
1	Medical Superintendent	Mr. Gilbert Kirui
2	Health Administrative Officer	Mr. Nelson Koskei
3	Hospital Accountant	Ms. Daphean J Biwott
5	Clinical Officer in Charge	Ms. Judith Chepngeno
6	Laboratory technician in Charge	Ms. Christine Chepkirui
7	Public Health Officer	Mr. Kool Solomon Nkaiseremi
8	MCH In Charge	Mrs. Juliana Kilel
9	Nursing Officer in Charge	Ms. Fanice Moraa

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

- (i) The County Assembly The County assembly,

Pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

- (ii) The Controller of budget The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

- (iii) County executive committee The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.
- (iv) The internal Audit Department of the County Government of Nakuru ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 2870-20100
NAKURU, KENYA

(g) Entity Contacts

Telephone: (+254)720998582
E-mail: keringetsubcountyhospital@gmail.com

(h) Entity Bankers

Cooperative Bank of Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200



Nairobi, Kenya



(k) County Attorney




P.O. Box. 2870-20100



Nakuru Kenya

II. The Board of Management




Ref	Directors	Details
1.	 <p>Mr. Fredrick Rono</p>	<p>Mr.Fredrick Rono is the board Chairman of Keringet Level 4 Hospital.He holds a diploma in security studies. He was appointed to the board on the 17th January 2022.</p>
2.	 <p>Ms. Betty Korir</p>	<p>Ms. Betty Korir is the treasurer of the Hospital management Committee of Keringet level 4 hospital. She is a holder of KCSE Certificate. . He was appointed to the board on the 17th January 2022.</p>

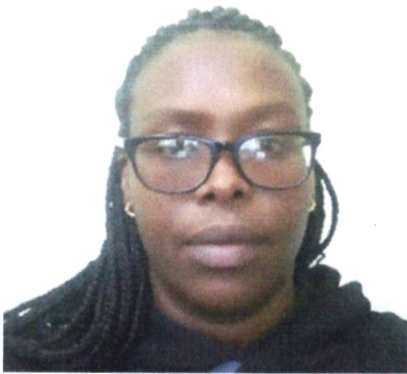


3.	 Mr Gilbert Kirui	<p>Mr Gilbert Kirui is the secretary of the hospital management committee and the Hospital In-Charge. He holds Bachelor Degree in nursing. He was appointed to the board on the 17th January 2022.</p>
4.	 Ms.Emily Tanuei	<p>Ms.Emily Tanuei is the Vice chairperson of the Hospital management Committee. She is a holder of KCSE Certificate. She was appointed to the board on the 17th January 2022.</p>



<p>5.</p>	 <p>Mrs. Joyce Ng'eno</p>	<p>Mrs. Joyce Ng'eno is a member of the Hospital management committee. She was appointed to the board on the 17th of January 2022. Mrs. Ng'eno she is a holder of KCSE Certificate.</p>
<p>6.</p>	 <p>Ms. Juliana Chemtai</p>	<p>Ms. Juliana Chemtai is a member of the hospital management committee. She was appointed to the board on the 17th January 2022. She holds of Master degree in Human Resources management. She is currently the Regional Manager Post bank Rift Valley Region.</p>
<p>7.</p>	 <p>Mr. Antony Kiprono Chirchir</p>	<p>Mr. Antony Kiprono Chirchir is a member of the hospital management committee. Trained p1 teacher. He was appointed to the board on the 17th January 2022.</p>

8.	 <p>Mrs. Flora Bett</p>	<p>Mrs. Flora Bett is a member of the Hospital management committee. She holds a bachelor of education degree in early childhood and primary education .She was appointed to the board on the 17th January 2022.</p>
9.	 <p>Dr. Kemoi Edison</p>	<p>Dr. Kemoi Edison is a member of the Hospital Management committee. He holds a Bsc. Medical Laboratory Sciences Msc. Microbiology and PhD. in Medical Mycology. Dr.Kemoi was appointed to the board on the 17th January 2022.</p>

III. Key Management Team

Ref	Management	Details
1.	 <p>Gilbert Kirui</p>	<p>Mr Gilbert Kirui is the chairperson of the hospital management team and the Hospital In-Charge. He holds Bachelor Degree in nursing</p>
2.	 <p>Mr. Nelson Koskei</p>	<p>Mr. Nelson Koskei is the secretary of the Hospital Management team and He is also the health administrative office of the hospital. He holds a diploma in business Management.</p>
3.	 <p>Ms. Fanice Moraa</p>	<p>Ms. Fanice Moraa is a member of HMT and Maternity in Charge. She holds a diploma in nursing.</p>

4.	 Daphean Biwott	<p>Ms. Daphean Biwott is a member of the HMT and also the hospital accountant. She holds MBA (Strategic Management), Bcom (Accounting) and a CPA Finalist.</p>
5.	 Ms. Christine Chepkirui	<p>Ms. Christine Chepkirui is a member of HMT also serves as the Medical Lab Technician in charge. She holds a diploma in medical lab Technology.</p>
	 Mr. Kool Solomon Nkaiseremi	<p>Mr. Kool Solomon Nkaiseremi is a member of HMT the Public Health officer in Charge. He holds a diploma in public health.</p>

	 <p>Mrs. Juliana Kilel</p>	<p>Mrs. Juliana Kilel is a member of HMT and also MCH in charge. She holds a diploma in nursing.</p>
	 <p>Ms. Judith Chepngeno</p>	<p>Ms. Judith Chepngeno is a member of the HMT and is the Clinical officer in charge. She holds a Bsc. Clinical medicine and surgery.</p>

IV. Report of The Chief Executive Officer

I am pleased to present the Hospital's annual report and financial statements for the year 2021/2022. The report highlights the hospitals operational and financial performance as well as our strategic direction.

Operational Performance

Keringet Sub-County provides both preventive and curative services (inpatient maternity and outpatient) with limited services as it is a low volume level 4 hospital. To meet our patients' needs, we have staff working in different departments covering the said services even though more staff are needed to ensure our clients receive the best of care in a timely and efficient manner. In 2021/2022, the hospital attended to 7561 patients of whom 1190 were inpatients.

During the year, the hospital in a bid for digitalization adopted a health management system for outpatient though it is still under piloting programe. The same has seen more patients being captured electronically. Nonetheless, the challenge has been adopting the changes by end users. The same has made it easier for generation of monthly reports and even knowing the stock of resources at any given time.

Financial Performance

In the last financial year, the total we collected in cash was 877,770. NHIF and Linda Mama reimbursed us amount totaling to 6,240,300. Since these are the only sources of revenue for us, the total revenue collected was thus KES 7,118,070 of which 5,679,331 was used in expenditure.

Challenges Faced:

1. **Resource Constraints:** Despite the successes, resource constraints remained a challenge, affecting the hospital's capacity to invest in advanced technology and maintain optimal staffing levels.
2. **Healthcare Staff Shortages:** The healthcare sector continued to face shortages of skilled medical professionals, leading to workload challenges. The county however is working on increasing the workforce to enable us provide patient centered care.
3. **Infrastructure Maintenance:** Maintaining the expanded facilities presented challenges in terms of funding for repairs and upgrades. There is the stalled male ward and un

equipped pediatrics/women ward. The county promised to take it up and complete it. No fenced compound around and there is needed to do hospital face lift in order to provide services of a level 4 hospital.

The Way Forward:

1. **Resource Mobilization:** We will actively seek partnerships and funding opportunities to address resource constraints and invest in advanced medical technology.
2. **Workforce Development:** We will continue to prioritize staff training and recruitment efforts to address healthcare staff shortages. We will pester the county management until they employ more staff to ease the strain.
3. **EMR Expansion:** We plan to expand the usage of EMR KENYA PLUS Software to include the inpatient module that will reduce paperwork and better record keeping.

In conclusion, Keringet Sub County Hospital remains committed to providing high-quality healthcare services to our community. Despite the challenges, we have made significant progress and are more than ever determined to overcome obstacles to ensure a brighter healthcare future for the region. We will continue to work tirelessly to meet our mission of provided integrated quality health services for all.

Acknowledgment

Thanks to the hundreds of patients who serve as a testament to the continuous love, care and support that we offer and the commitment of our staff. We are indebted to our stakeholders and sponsors for their kindness and support and contributions to Keringet Sub-County Hospital

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Name GILBERT KIRUI

Secretary to the Board

7. **Chairman's Statement**

It is my pleasure to present the hospital 2021/2022 annual report and financial statements. The Board of management is proud of the achievements realized by the hospital in this period towards accomplishing the 2010 Kenya constitution by giving the best health care attainable to all who seek services in our hospital.

I am particularly impressed by the positive attitude of our staff coupled with their commitment to

delivering the best possible services to patients.

Keringet sub county hospital as a public hospital low volume level 4 offers the best services as per its level with the limited infrastructure and services to the community at large. These services include maternity, lab diagnostic services, outpatient, pharmacy, ccc, Tb Clinic, MCH /ANC among others. Stalled buildings hinders the service provision and there is need to complete with the request of County Government of Nakuru to enable more service provision to the public.

Despite the many challenges, the hospital is proud of maternity services since it's the leading income and it's the backbone of the hospital under the NHIF LINDA MAMA reimbursement programme.

Acknowledgement

On behalf of the Board, I would like to thank all the stakeholders especially the County Government of Nakuru, the ministry of health and development partners for the support they continued to accord the hospital without which our achievements would not have been realized. As we move forward, I would like to express my gratitude to Keringet Sub county Hospital Health management Team and the Board, who take such pride in their work, and who exemplify our hospitals mission and values each day.

Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over years.

.....

Name

Chairman to the Board

FREDRICK ROWO

MBS, SS

VI. Statement Of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives. Keringet level 4 hospital has four strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement
4. Leadership and governance

Keringet level 4 hospitals achieved its performance targets set for the FY 2021/2022 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery and Infrastructural development	To Establish and enhance good clinical governance	<ul style="list-style-type: none"> · Hospital Drug formulary in place · No of stock-out tracer drugs · No of prescription reviewed · Updated SOPs · No of Pharmaceuticals covigilance conducted 	<ul style="list-style-type: none"> · Rational use of Medications · Rational use of blood and blood products · Provision of Health products · Monthly Clinical Audits and mortality Meetings 	<ul style="list-style-type: none"> · Hospital Drug formulary in place. · %reduction in morbidity

<p>Healthcare Financing and Sustainability</p>	<p>To increase revenue Generation</p>	<p>Revenue · %increase in revenue</p>	<p>Reports Diversify Revenue Streams · Review User Fee Charges · Increase Customer Base · Develop Concept papers and proposals to development partners · Revenue improved compared to previous year · Review of user fees continuous and on progress · New institutions brought on board for MOUs Signed with other institutions to boost revenue collection. · New services introduced, Dental and Ultra sound</p>	<p>· Revenue improved compared to previous year · Review of user fees continuous and on progress · New institutions brought on board for MOUs Signed with other institutions to boost revenue collection. · New services introduced, New services introduced, Dental and Ultra sound</p>
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	<p>To enhance Routine Maintenance of Infrastructures</p>	<ul style="list-style-type: none"> · Job Card Reports · Project Committee Reports · Completion Certificates 	<ul style="list-style-type: none"> · Expansion of MCH · Construction of additional pit latrine · Renovation of administration roof · Servicing of Photocopier Machines · Servicing of Various Medical Equipment · Fencing of the wall at the Maternity 	<ul style="list-style-type: none"> · Expansion of MCH complete · Construction of additional pit latrine complete · Photocopiers serviced and functioning · BP machines serviced · Fencing of the wall at the Maternity complete
	<p>To ensure Quality Diagnostic Services</p>	<ul style="list-style-type: none"> · Registers · Survey reports · Client satisfaction report · EMR 	<ul style="list-style-type: none"> · Expand the scope of 24 hours specialized services · Introduce new specialized Services · Adhere to Quality Standards 	<ul style="list-style-type: none"> · Dental and Ultrasound services introduced.

Keringet Level 4 Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	To increase revenue Generation	Revenue Reports · %increase in revenue	Diversify Revenue Streams Review User Fee Charges Increase Customer Base	Revenue improved compared to previous year Review of user fees continuous and on progress New services introduced, Dental and ultrasound More patients have been to Keringet Hospital due to Linda Mama and NHIF
Quality Improvement	Enhance Continuous Quality Improvement	Training Reports	Training of staff on KQMH	All staff are regularly trained during CME and it is continuous
Leadership and Governance	Enhanced Leadership and Governance Capacity	Management Audit Report Board of Survey repor	Capacity Building for board ,senior and middle level managers Develop and implement internal controls	Capacity building done to all level of management Internal controls developed and continuous

VII. Corporate Governance Statement

Keringet Level 4 hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Nakuru County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

a) Board of Management

The Board of Management is composed of non-executive members elected by the governor of Nakuru County. The Appointed Board of Management is held accountable and responsible for the efficient and effective governance of the hospital.

Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is two years renewal subject to performance.

Key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts;
- Review at regular meetings Management's performance against approved budget.

The full Board meets at least 4 times a year and the Chairperson has Consultations with the Chief Executive Officer. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic,

financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the medical superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

b) Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Main Board held 8 meetings attended by all members.

c) Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowances the allowance is paid as per the government of Kenya allowance circulars

VIII. Management Discussion and Analysis

Here we have the operational and financial performance of the hospital over the last year, including key projects, compliance with statutory requirements, major risks, and other relevant information.

Operational Performance:

Key Performance Indicator	2021/2022
Bed Capacity	13
Total admissions	1190

Key Performance Indicator	2021/2022
Outpatient Workload	7561
Average Length of Stay (days)	1.9
Maternal Mortality Ratio per 100,000	100000.1
Perinatal Mortality Rate per 1000 births	75.1

The outpatient workload stood at 7561 patients .

Financial Performance:

Financial Indicator	2021 (Ksh)
Cash	871,260
NHIF/LINDA MAMA	2,906,850
Total Revenue	3,778,110
Total Expenses	5,679,331

The source of revenue for the hospital is both cash and insurance, mostly NHIF and Linda Mama. The same money is ploughed back to the facility as facility improvement fund (FIF).

Key Projects and Investments:

- In 2021, the hospital adopted the hospital constructed an additional toilet for use by the hospital staff since the one that was there was used by both the patients and the staff which led to many cases of cross infections.
- The hospital also put up a temporary fence around the maternity which was previously not fenced and several cases of theft of bedding and linen were witnessed.
- The hospital was also able to expand the MCH which was experiencing a lot of crowding.

Compliance with Statutory Requirements:

- The hospital maintains full compliance with all regulatory and statutory requirements, including licensing, safety, and healthcare standards. This is evidenced by the compliance certificates and licenses.

Major Risks Facing the Organization:

1. **Economic Uncertainty:** Fluctuations in the revenues and delays by the National Health Insurance Fund (NHIF) and Linda Mama to reimburse the hospital leads to financial instability.
2. **Staffing Challenges:** This is a huge and perennial challenge. The few committed staff are strained to provide quality service.
3. **Debt:** There is a huge debt which keeps rising due to the financial challenges.

IX. Environmental And Sustainability Reporting.

Keringet Level 4 Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Keringet Level 4 Hospital and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the hospital is a going concern is secured.

The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Introduction of new specialized services such as dental and ultrasound
- Upgrading the hospital to a high volume level 4 hospital and reducing the number of referral cases to bigger facilities which lead o loss of revenue.
- Enhancing Client satisfaction through quality service care
- Bringing on board more financial institutions i.e. lobbying for more engagement with other insurance firms

ii) Environmental performance

Keringet Level 4 hospital is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose off non-contaminated waste to the dumping site.
- The general cleanliness of the organization is well maintained both indoors and grounds.

Challenges

- High cost electricity bill.
- Shortage of staffs.
- Delay of funds disbursement.

Efforts to Reduce Environmental Impact of Waste Products

The incinerator burns the waste at a very high temperature and the products is harmless.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions. Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise

intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization. The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

iv) Market place practices-

a) Responsible completion practices

This is effectively done through proper use of the available website for advertisement purposes as well as making good use of the instituted internal committees to help minimize corruption.

b) Responsible supply chain and supplier relations

It ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

c) Corporate Social Responsibility / Community Engagements

Keringet Hospital engages in various Corporate Social Responsibility (CSR) activities to benefit the community and demonstrate its commitment to social impact.

Through community screening in collaboration with CHVs, many have benefitted from free check-ups, vaccinations and or health education which has improved access to healthcare for marginalized communities and early disease detection.

It also conducts community outreaches and health education in schools and communities which has increased health literacy and awareness leading to healthier lifestyles and reduced disease prevalence.

In partnership with charitable organizations like UTJ (Usaid Tujengee Jamii), the vulnerable groups have benefitted a lot especially those with TB and HIV. They are able to get medicines for free and even transport and visits to their places of residence for more support

X. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the entity are to provide healthcare services to the public.

Results

The results of the entity for the year ended June 30 are set out on page 1 and 2.

Board Of Management

The members of the Board who served during the year are shown on page ix-xi

XI. Statement of Board of Management's Responsibilities

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

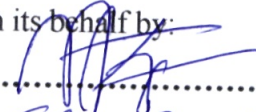
The Board of Management is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs as at the end of the financial year ended 30, June 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2022, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that Keringet Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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

.....

Name: **FREDRICK RONO**
Chairperson **MBS, SS**
Board of Management

.....

Name: **GILBERT KIRUI**
Accounting Officer

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KERINGET LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF NAKURU

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Keringet Level 4 Hospital - County Government of Nakuru set out on pages 31 to 59, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance,

Report of the Auditor-General on Keringet Level 4 Hospital for the year ended 30 June, 2022 - County Government of Nakuru

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Keringet Level 4 Hospital - County Government of Nakuru as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Undisclosed Revenue In-kind

The statement of financial performance reflects revenue from non-exchange transactions amount of Kshs.3,052,448. Included in this revenue is an amount of Kshs.2,893,835 in respect of medical commodities received from Kenya Medical Supplies Authority (KEMSA) paid for by the County Government of Nakuru. However, delivery notes from KEMSA indicated an amount of Kshs.1,712,245 resulting in an unreconciled variance of Kshs.1,181,589.

In the circumstances, the accuracy, completeness and disclosure of revenue from non-exchange transactions amount of Kshs.3,052,448 could not be confirmed.

2. Unconfirmed Capitation from National Health Insurance Fund

The statement of financial performance reflects capitation of National Health Insurance Fund amount of Kshs.158,613. However, this amount was not supported by invoices indicating the list of registered members and their dependence. In addition, capitated claims of members in the universal health coverage scheme were not provided for audit.

In the circumstances, the accuracy and completeness of capitation of National Health Insurance Fund amount of Kshs.158,613 could not be confirmed.

3. Unsupported Revenue from Linda Mama Claims

The statement of financial performance reflects total revenue from exchange transactions amount of Kshs.6,832,188 out of which Kshs.2,906,850 relates to revenue earned from Linda Mama claims. However, the amount was not supported by claims made to the National Health Insurance Fund.

In the circumstances, the accuracy and completeness of revenue from exchange transactions of Kshs.2,906,850 could not be confirmed.

4. Inaccurate Revenue from Sale of Medicines

The statement of financial performance reflects rendering of services - medical services income amount of Kshs.3,778,110. However, the amount was not supported by revenue billing receipts generated from the cash system and the approved price list used to charge patients. Further, the Hospital does not charge children below five months but information on the number of children offered free services was not disclosed.

In the circumstances, the accuracy and completeness of rendering of services - medical services income amount of Kshs.3,778,110 could not be confirmed.

5. Inaccuracies in Repairs and Maintenance Costs

The statement of financial performance reflects repairs and maintenance expenses of Kshs.521,250 while the supporting schedules reflected an amount of Kshs.466,200 resulting in an unreconciled variance of Kshs.55,050. The expenses includes an amount of Kshs.50,000 incurred on maintenance and repairs of the ambulance which was not supported by approved requisitions from the drivers indicating the defects to be repaired.

In the circumstances, the accuracy and completeness of repairs and maintenance expenses of Kshs.521,250 could not be confirmed.

6. Unconfirmed Receivables from National Health Insurance Fund

The statement of financial position reflects a balance of Kshs.5,338,393 under receivables from exchange transactions due from National Health Insurance Fund (NHIF) against an amount of Kshs.63,403 disclosed in the NHIF books resulting to an unreconciled variance of Kshs.2,611,538. Further, the amount excludes Linda Mama claims of Kshs.5,274,990 dating back to the year 2019.

In the circumstances, the accuracy of the receivables from exchange transactions balances of Kshs.5,338,393 could not be confirmed.

7. Unreconciled Inventories

The statement of financial position reflects inventories balance of Kshs.1,846,760. However, reconciliation indicating the opening stock, quantities received, issues, damages and expiries to arrive at the closing stock for each of the commodities was not provided for audit. Further, review of stock cards for ten (10) sampled commodities indicated a balance of 8,090 units against a physical count of 1,381 resulting to a variance of 6,709 units of undetermined value. In addition, the inventory balance excludes 1,229 doses of various vaccines whose values were not indicated in the stock control ledgers.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.1,846,760 could not be confirmed.

8. Undisclosed Property, Plant and Equipment

The statement of financial position reflects Nil balance in respect of property, plant and equipment. Physical verification indicated the Hospital has various assets such as land, buildings, motor vehicle, computers, furniture and various medical equipment among others. However, these assets were not valued and an asset register indicating asset name, tag number and specific asset location was not maintained. Further, the hospital land ownership could not be confirmed due to lack of a titles deed.

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

9. Unconfirmed Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.1,987,966 out of which an amount of Kshs.297,385 relates to expenses incurred during the financial year 2022/2023 but have been disclosed in the current year. In addition, the payables balance also includes goods and services of Kshs.136,675 procured through cash advanced to an employee which has also been disclosed as payables despite having been paid through cash.

In the circumstances, the balance under trade and other payables balance of Kshs.1,987,966 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Keringet Level 4 Hospital Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Categorization of the Hospital

The Kenya Medical Practitioners and Dentist Council (KMPDC) issued a registration certificate to Keringet Level County Hospital on 15 August, 2017 and a license to operate as a Level 4 Hospital on 20 August, 2017. Subsequently, the County Executive Committee Member for Health Nakuru County Government gazetted it on 31 July, 2021. However, the inspection report from KMPDC was not provided for audit indicating the criteria used verses the available facilities to qualify the facility as a Level 4 Hospital. Further, there was no evidence for renewal of the operating license since the year 2017 contrary to Section 4(1)k, l as read with Section 15(3,10) of the Medical Practitioners and Dentists Act, 2012 (Revised 2019) which license the Hospital to operate as a Level 4 Hospital.

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

2. High Neonatal Mortality Rate

During the year under audit, the Hospital reported a Neonatal mortality of fourteen (14) in every nine hundred and fifty-two (952) live birth which translates to a ratio of 14.7 per every 1000 live births. This ratio is higher than the global target of 12 per 1000 live births by the year 2030 as envisaged in the Sustainable Development Goal 3.2.

In the circumstances, the target to reduce Neonatal mortality to 12 per 1000 live births by the year 2030 may not be achieved.

3. Failure to Test Patients for Tuberculosis

The statement of financial performance reflects clinical costs of Kshs.3,102,344. Review of the hospital reporting tools indicated a total of 8,236 registered patients. However, there was no evidence to show the patients were tested for tuberculosis (TB) contrary to Paragraph 2.3.2 of the Ministry of Health Integrated Guideline for Tuberculosis, Leprosy and Lung Disease, 2021 which requires TB screening be administered to all patients presenting to the health facility regardless of presenting signs or symptoms.

In the circumstances, the Hospital may not achieve its mandate of offering early diagnosis and treatment services to patients.

4. Unconfirmed Indicators for Reproductive Health

The statement of financial performance reflects clinical costs of Kshs.3,102,344. Review of workload distribution indicated a total of 8,236 registered patients out of whom 979 were maternal women. However, Management did not maintain records of the proportion of women of reproductive age between 15 and 49 years, who have their need for family planning satisfied with modern methods despite receipt of family planning medical commodities amounting to Kshs.361,473.

In the circumstances the value for money for the expenditure could not be confirmed.

5. Irregular Cash Purchases

The statement of financial performance reflects total expenses of Kshs.6,945,301 out of which an amount of Kshs.659,800 relates to cash advanced to employees to purchase various items which did not meet the set criteria on low value procurement. This was contrary to the second schedule (Threshold matrix under low value procurements) of the Public Procurement and Asset Disposal Regulations, 2020 which sets the maximum low value procurement at Kshs.50,000 per item per financial year.

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

6. Procurement of Goods and Services from Unregistered Suppliers

The statement of financial performance reflects total expenses of Kshs.6,945,301 out of which an amount of Kshs.3,043,000 was paid to five (5) suppliers for supplying various items. However, the Management did not have a list of registered suppliers from which these suppliers were identified, evaluated and awarded the contracts.

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

7. Shortage of Healthcare Workers and Unavailable Services

Verification of services offered, equipment used and number of members of staff at the Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits. The Hospital had twenty-four (24) staff against the one hundred and one (101) minimum requirement. The Hospital did not have Anesthesiologists, General Surgeons Gynecologists, Pediatricians and Radiologists. Further, due to shortage of staff, the Hospital was not offering surgical, pediatric, gynecology, renal and tuberculosis services. In addition, the Hospital lacked various equipment including incubators, resuscitative theaters, ICU beds, rental units and operating theaters.

In the circumstances, the Hospital may not be able to deliver Universal Health Coverage effectively.

8. Stalled Construction of a Patient Ward

Review of Project Implementation Status report indicated the Management awarded a tender to a contractor on 3 March, 2022 for the completion of a stalled patient ward at the Hospital at a contract sum of Kshs.997,090. Although the Project Implementation Status report indicated the works were ongoing, physical inspection on 16 April, 2024 indicated the works had not started.

In the circumstances, public resources may not have been applied in an efficient and effective manner.

9. Unutilized Infrastructure Facilities

The statement of financial position reflects Nil balance in respect of property, plant and equipment. Physical inspection in the month of April, 2024 indicated that the Hospital had

a building which was completed on 14 October, 2016 but it was not use after seven years later due to lack of hospital beds. In addition, the Hospital has a septic tank, which had also not been put into use for over twenty-eight months after completion since the plumbing works connecting it to the wards has not been done.

In the circumstances, the delay in usage of the facility denies the residents access to quality healthcare services and the public may also not realize value for the money spent.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Non-Compliance with First Expiry First Out

Review of delivery notes indicated receipt of medical products amounting to Kshs.9,533,138 but the stock cards used to issue the products to various departments in the Hospital did not indicate the batch number and the expiry dates which could be the basis for issuing stocks using First Expiry First Out (FEFO) method. This was contrary of the Ministry of Health Guidelines on Management of Health Products and Technologies 2020 which require medical products to be issued from the store through the principle of First Expiry First Out (FEFO).

In the circumstances, effectiveness in management of stocks could not be confirmed.

2. Stock-Outs of Essential Medical Commodities

Review of the inventory records revealed stock-outs of ten (10) items for a period of between twenty (20) and four thousand, four hundred and twenty-six (4,426) days. In addition, there were no policy guidelines on the required reorder levels.

In the circumstances, effectiveness in management of stocks could be not be confirmed.

3. Unconfirmed Dispensing of Drugs to Patients

Review of delivery notes indicated receipt of medical commodities amount of Kshs.9,533,138 out of which an amount of Kshs.67,050 was the closing balance as at 30 June, 2022 resulting to utilized medical commodities of Kshs.9,466,088. However, the pharmacy department did not maintain a record of drugs dispensed to patients based on prescription by clinicians. Further, medical commodities were issued from the store to the laboratory, maternity ward and comprehensive care clinic but were not supported by utilization reports.

In the circumstances, it was not possible to confirm whether drugs were dispensed to patients and lack of patient treatment history may prevent provision of proper medical care by the doctors during subsequent visits.

4. Unfulfilled Customer Orders

Review of Hospital records revealed quantity orders of 20,000 units of various medical commodities from Kenya Medical Supplies Authority out of which 12,272 or 61% were received resulting to unfulfilled orders of 7,728 or 39% amounting to Kshs.1,141,955. Further, there was no evidence to show that the unfulfilled orders were procured from other sources to provide all time availability of medical commodities.

In the circumstances, the unfulfilled orders may result in frequent stock outs at the Hospital which presents a risk to patients' health due to inability of the Hospital to offer prompt medical services.

5. Expired Medical Commodities

The statement of financial position reflects inventories balance of Kshs.1,846,760 out of which Kshs.67,050 relates to medical commodities. The Hospital continued to receive Covid-19 vaccines despite the reduced demand resulting to 578 doses of Pfizer and AstraZeneca vaccine expiring. In addition, physical verification conducted on 15 April, 2024 indicated that one commodity which expired on 30 April, 2023 was being held on the store since the year 2012.

In the circumstances, delayed disposal increases the risk of unintentional usage and incurring of avoidable inventory carrying cost. The expiries also represent missed opportunity to provide medical services to patients in addition to waste of public resources.

6. Poor Storage of Medical Commodities

Physical inspection indicated that the hospital does not have a drug store. Therefore, both pharmaceuticals and non-pharmaceuticals commodities be stored in the pharmacy which also serves as the dispensing point for outpatients resulting in keeping boxes containing the drugs on the floor. In addition, there were no cold chain backup systems and vaccines had to be transported to nearby health facilities in the event of power outages.

In the circumstances, the poor storage of pharmaceuticals and non-pharmaceuticals may result to high rates of expiries and damages.

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

Responsibilities of Management and 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 control 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 control, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance 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 Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

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

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

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

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

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

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

exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 July, 2024

XII. Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22
		Kshs
Revenue from non-exchange transactions		
In-kind contributions from the County Government-drugs ,equipment, non-pharms,(anything that the county is paying for you)	6	2,893,835
Transfers from other Government entities-NHIF Capitation	7	158,613
		3,052,447
Revenue from exchange transactions		
Rendering of services- Medical Service Income	8	3,778,110
Other income (<i>Sale of water</i>)	9	1630
Revenue from exchange transactions		3,779,740
Total revenue		6,832,187
Medical/Clinical costs	10	3,102,344
Employee costs	11	1,579,400
Board of Management Expenses	12	180,000
Repairs and maintenance	13	521,250
General expenses	14	1,562,307
Total expenses		6,945,301
Net Surplus for the year		-113,114

(The notes set out on pages 52 to 55 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 27th July, 2022 and signed on its behalf by:

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Chairman
FREDRICK BOND
 Board of Management
 MBS, GS

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Head of Finance
 KCPAK No: 7241

.....
Medical Superintendent
 GILBERT KIRVI

XIV Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22
		Kshs
Assets		
Current assets		
Cash and cash equivalents	15	1,584,999
Receivables from exchange transactions	16	5,338,393
Inventories	17	1,846,760
Total Current Assets		8,770,152
Non-current assets		
Property, plant, and equipment	18	1
Total Non-current Assets		1
Total assets		8,770,154
Liabilities		
Current liabilities		
Trade and other payables	20	1,987,966
Total Current Liabilities		1,987,966
Non-current liabilities		
Total Liabilities		1,987,966
Net assets		
Accumulated surplus/Deficit		-113,114
Capital Fund		8,883,268
Total Net Assets and Liabilities		8,770,154

(The notes set out on pages 55 to 59 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 27th July 2022 and signed on its behalf by

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Chairman FREDRICK RWA **Head of Finance** **Medical Superintendent**

Board of Management **ICPAK No: 7241**

MBS, SS

XIII. Statement of Changes in Net Asset for The Year Ended 30 June 2022

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	0	0	0	0
As at June 30, 2021	0	0	8,996,382	8,996,382
At July 1, 2021	0	0	8,996,382	8,996,382
Surplus/(deficit) for the year	0	0	-113114	-113114
At June 30, 2022	0	0	8,883,268	8,883,268

The Hospital's financial statements were approved by the Board on 27th July 2022 and signed on its behalf by:

.....   

Chairman
Board of Management

Head of Finance
ICPAK No: 7241

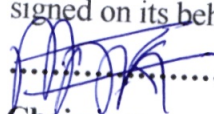
Medical Superintendent

XIV. Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	2021/22 Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities		158,613
Rendering of services- Medical Service Income		7,041,228
Other receipts		1,630
Total Receipts		7,201,470
Payments		
Medical/Clinical costs		1,856,374
Employee costs		1,579,400
Board of Management Expenses		130,000
Repairs and maintenance		521,250
General expenses		1,592,307
Total Payments		5,679,331
Net cash flows from operating activities	21	1,522,139
Cash flows from investing activities		
Net cash flows used in investing activities		0
Cash flows from financing activities		
Net cash flows used in financing activities		0
Net increase/(decrease) in cash and cash equivalents		1,522,139
Cash and cash equivalents at 1 July 2021	15	61,178

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

The notes set out on pages 59 to 60 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 27th July 2022 and signed on its behalf by


Chairman


Head of Finance


Medical Superintendent

Board of Management

ICPAK No: 7241

FREDRICK RONFO
MBS, SS

XIV. Statement of Cash Flows for The Year Ended 30 June 2022

Description	2021/22	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities		158,612.50
Rendering of services- Medical Service Income		7,041,228
Other receipts		1,630.00
Total Receipts		7,201,470.00
Payments		
Medical/Clinical costs		1,856,374.00
Employee costs		1,579,400.00
Board of Management Expenses		130,000.00
Repairs and maintenance		521,250.00
General expenses		1,592,307.00
Total Payments		5,679,331.00
Net cash flows from operating activities	21	1,522,139.00
Cash flows from investing activities		
Net cash flows used in investing activities		0
Cash flows from financing activities		
Net cash flows used in financing activities		0
Net increase/(decrease) in cash and cash equivalents		1,522,138.50
Cash and cash equivalents at 1 July 2021	15	61,177.75

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

The notes set out on pages 59 to 60 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 27th July 2022 and signed on its behalf by

..... [Signature] [Signature] [Signature]

Chairman

Head of Finance

Medical Superintendent

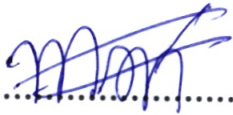
Board of Management

ICPAK No: 7241

FREDRICK RONO
MBS, SS

1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

The Hospital's financial statements were approved by the Board on 27th July 2022 and signed on its behalf by:



.....
Chairman

Board of Management

FREDRICK KONO
MBS, U



.....
Head of Finance

ICPAK No: 7241



.....
Medical Superintendent

1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No:

.....
Medical Superintendent

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/2022

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

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accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

b)Taxes

Sales tax/ Value Added Tax

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

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

c) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of xxx years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying

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f) 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

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Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

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All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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.

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.

k) 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.*)

l) 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.

m) 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

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

r) 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.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

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.

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)

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6. In Kind Contributions from The County Government

Description	2021/22
	KShs
Medical supplies-Drawings Rights (KEMSA)	2,893,834.86
Total grants in kind	2,893,835

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

7. Transfers From Other Government Entities

Description	2021/22
	KShs
Transfer from National Hospital Insurance Fund Capitation	158,612.00
Total Transfers	158,612.00

8. Rendering of Services-Medical Service Income

Description	2021/22
	KShs
Pharmaceuticals	233,680
Laboratory	306,030
Dental services	300
Consultation- Doctors Fee	336,130
Reproductive health-NHIF linda mama	2,906,850.00
Waivers	-4,880
Total revenue from the rendering of services	3,778,110

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Consultation- Doctors Fee	336,130
Reproductive health-NHIF linda mama	2,906,850.00
Waivers	-4,880
Total revenue from the rendering of services	3,778,110

12. Board of Management Expenses

Description	2021/22
	KShs
Sitting allowance	130,000.00
Induction and training	50,000.00
Total	180,000.00

13. Repairs And Maintenance

Description	2021/22
	KShs
Property- Buildings	431,250.00
Medical equipment	20000.00
Computers and accessories	20000.00
Motor vehicle expenses	50000.00
Total repairs and maintenance	521,250.00

14. General Expenses

Description	2021/22
	KShs
Daily Subsistence Allowances	235,000.00
Telephone Services	40,000.00
Courier & Postal Services	18,900.00
Water & Sewerage Services	46,530.00
Travel Accommodation	70,000.00
Fuel for Transport	100,000.00
Electricity	355,079.00
Internet Services	32,000.00
Purchase of staff uniform	25,000.00
Purchase of ICT Networking	285,598.00
Catering Services	221,000.00

Keringet Level 4 Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Other Fuels (charcoal, gas)	70,000.00
General Office Supplies	60,000.00
Bank Charges	3,200.00
Total General Expenses	1,592,307.00

15. Cash And Cash Equivalents

Description	2021/22
	KShs
Current accounts	1,584,999
Cash in hand	-
Total cash and cash equivalents	1,584,999

15 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2021/22
Financial institution	Account number	KShs
a) Current account		
Cooperative Bank of Kenya	1141026174000	422.00
Cooperative Bank of Kenya	1141026174002	1,584,577
Sub- total		1,584,999
cash in hand		-
Sub- total		-
Grand total		1,584,999

16. Receivables From Exchange Transactions

Keringet Level 4 Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	2021/22
	KShs
Medical services receivables-NHIF	5,338,393.00
Total receivables	5,338,393.00

17. Inventories

Description	2021/22
	KShs
Pharmaceutical supplies	1,589,598.00
Non pharmaceuticals	91,222.00
Maintenance supplies	5,000.00
Food supplies	28,975.00
Cleaning materials supplies	58,365.00
General supplies	73,600.00
Total	1,846,760.00

18. Property, Plant and Equipment

16. Receivables From Exchange Transactions

Description	2021/22
	KShs
Medical services receivables-NHIF	5,338,393.00
Total receivables	5,338,393.00

17. Inventories

Description	2021/22
	KShs
Pharmaceutical supplies	1,589,598.00
Non pharmaceuticals	91,222.00
Maintenance supplies	5,000.00
Food supplies	28,975.00
Cleaning materials supplies	58,365.00
General supplies	73,600.00
Total	1,846,760.00

19. Trade And Other Payables

Description	2021/22
	KShs
Trade payables	1,987,966
Total trade and other payables	1,987,966

20. Cash Generated from Operations

	2021/22
Surplus for the year before tax	KShs
Adjusted for:	
Depreciation	-
Impairment	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working Capital adjustments	
Increase in inventory	-327,986.00
Increase in receivables	984,175.00
Increase in payables	865,950.00
Net cash flow from operating activities	1,522,139.00

19. Trade And Other Payables

Description	2021/22
	KShs
Trade payables	1,987,966
Total trade and other payables	1,987,966

20. Cash Generated from Operations

	2021/22
Surplus for the year before tax	KShs
Adjusted for:	
Depreciation	-
Impairment	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working Capital adjustments	
Increase in inventory	-327,986.00
Increase in receivables	984,175.00
Increase in payables	865,950.00
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XVII. Appendices