

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

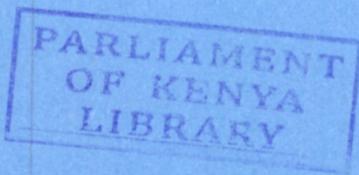
THE AUDITOR-GENERAL

ON

MURIRANJA'S LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2022

COUNTY GOVERNMENT OF MURANG'A



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**MURANG'A COUNTY
GOVERNMENT**

**MURIRANJAS Level 4 HOSPITAL
(Muranga 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)

Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

Muriranja Hospital is a level 4 hospital established under gazette notice number 598 of 2nd March 1973 and is domiciled in Murang'a County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mission of Muriranja's hospital is to promote and participate in provision of high quality, curative and rehabilitative service to all Kenyans.

The hospital staffs are committed to provide high quality health cares services to all patients/clients with dignity, professionalism and within the shortest time possible.

The hospital vision is to be efficient and cost-effective medical care system for healthy nation.

(c) Key Management

Muriranjas hospital management is under the following key organs:

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

(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	Name
1.	Medical Superintendent	DR. STEPHEN W. KARANGAU
2.	Head of finance	COAMAS MWILU
3.	Head of supply chain	BEATRICE WANJIRU
4.	Administrator	JANE MURIRANJA
5.	Nursing Officer	MRS. MARGARETE NDEGWA

(e) Fiduciary Oversight Arrangements

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 212of the Constitution of Kenya 2010.

Muriranjias Hospital (Muranga County Government)
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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. Internal Auditor Department

The internal Audit Department of the County Government of Muranga 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) Muriranjias Headquarters

P.O. Box 577
MURANG'A, KENYA

(g) Muriranjias Contacts

Telephone: (+254) 726715863
E-mail: hosmuri.@yahoo.com
Website:

(h) Muriranjias Bankers

Kenya Commercial Banks
Muranga Branch.
Muriranjias sub county hospital Fif a/c

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 52-10200
Murang'a, Kenya

II. The Board of Management

Ref	Director	Detail
1.	STEPHEN MBOGO NDEGE	Chairman.
2.	SAMUEL IRUNGU KIRAGU	Member
3.	VERONICA NJERI IRUNGU	Member
4.	HANNAH NJOKI MWANGI	Member
5.	PETER L. KANYORO	Member
6.	JOHN KURIA CHEGE	Member
7.	MEDRINE WANGARI MACHARIA	Member
8.	DR. EUCTYUS MUGUKU	Medical Superintendent

III. Management Team

Ref	Management	Details
1.	DR. EUCTYUS MUGUKU	Medical Superintendent
2.	COSMAS MWILU	Head of finance:
3.	ROSE MARY NJERI MWANGI	Head of supply chain:
4.	JANE MURIRANJA	Administrator
5.	MARGARET NDEGWA	Nursing Officer

Chairman's Statement

The health care space at Murang'a county has continued to improve and excel in order to assist common mwananchi. Muriranjias hospital operate as a complex healthcare institution that offers specialized treatment. The hospital functions with a multidisciplinary approach, involving medical professionals, nurses, administrative staff and support personnel that all inclusively make the hospital one of a kind in the county at large.

However, the challenging operating environment and changing consumer preferences have impacted on the hospital and necessitated positive changes on how we do things. These have been opportunities for learning and adapting.

Report of The Chief Executive Officer

I am pleased to present to you the key highlights of the annual report and financial statements for the year 2021/2022

The Board of Directors has prioritized the strengthening of governance framework, progressing infrastructure as well as playing an active role in managing the financial performance of the hospital. To improve the hospital engaged the right people into revamped organizational structure. We believe that transformational initiatives will continue yielding results, even in a highly dynamic operating environment.

Customer action is at the center of what we do. To compliment this with a wide array of all class staff cutting across different health disciplines .we pride ourselves for seamless intergration of medical services to deliver the highest standard of healthcare .

Muriranja has embarked on all aspects of patient safety which is an integral component of quality deliverly. Muriranjias is focused to reduce hospital acquired infections and medical errors, we have been organising trainings with various partners to its medical personel aiming at reducing medical errors, infection prevention and control.

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VI. Statement Of Performance Against Predetermined Objectives

Muriranj has 4 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:

Pillar

1:Leadership and Governance
2.Service delivery
3. Health system financing
4.Health workforce

Muriranj develops its annual work plans based on the above 4 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Muriranj achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1:Leadership and Governance	Good governance	Accountability	Holding HMT&HBM Agendas implimentation	
2.Service delivery	All Patients receive medical services	Punctuality in the facility	High quality and affordable medical services	
3. Health system financing	Financing medical services	Financial reports	Funds acquisition and accountable expenditure.	

4. Health workforce	Enough medical staff	To ensure all patients are attended	Offering effective medical attention to all.	
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VII. Corporate Governance Statement

The hospital is committed to offer high standard and affordable healthcare to all Kenyans. Muriranjias has been implementing various policy guidelines from the county governance with the aim of improving the standards. Automation of services has been roled out to as guided by the county government.

VIII. Management Discussion and Analysis

Muriranjias hospital continues to provide a wide range of highly specialized healthcare services to patients from within and outside Muranga county. Specialized services include, specialized outpatient clinics, inpatient care, day care procedures for surgery, dental amongst other services and specialized accident and emergency that receives emergency and disaster victims.

The hospital also provides clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient visit continues to increase due to improved services enhance by support from county and national Government.

The Muriranjias bed capacity is as follows

- Bed capacity 134
- Cot capacity 8
- Bed Occupancy rate..... 7 %
- Av. Length of stay 3 days
- Death rate1%

Financial performance that includes

Revenue Analysis

MURIRANJAS LEVEL 4 HOSPITAL	
REVENUE ANALYSIS 2021/2022	
MONTH	AMOUNT
JULY	646,760.00
AUG	944,095.00
SEPT	739,160.00
OCT	514,650.00
NOV	395,500.00
DEC	398,670.00
JAN	524,420.00
FEB	448,240.00

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

The Board of Management is responsible for the preparation and presentation of the Muriranjias hospital financial statements, which give a true and fair view of the state of affairs of the Muriranjias hospital for and as at the end of the financial year (period) ended on 30th 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 Muriranjias hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the muriranjias 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 muriranjias’s hospital financial statements give a true and fair view of the state of Hospital’s transactions during the financial year ended 30th June 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 muriranjias hospital which have been relied upon in the preparation of the Hospitals’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern.

Nothing has come to the attention of the Board of management to indicate that the Muriranjias 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 _____ 8th september 2022 _____ and signed on its behalf by:

.....
Pik mana
Name:
Chairperson
Board of Management

.....
Ewa
Name:
Accounting Officer

REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MURIRANJA'S LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF MURANG'A

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 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 purposes.
- 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 under 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 Muriranja's Level 4 Hospital – County Government of Murang'a set out on pages 1 to 43, which comprise the statement

Report of the Auditor-General on Muriranja's Level 4 Hospital for the year ended 30 June, 2022 - County Government of Murang'a

of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Muriranjia's Level 4 Hospital – County Government of Murang'a 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, County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment Balance

The statement of financial position and Note 27 to the financial statements reflects balances of Kshs.52,849,457 in respect to property, plant and equipment . However, it was noted that Management did not maintain fixed asset register to control its assets. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the Hospital has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.52,849,457 could not be confirmed.

2.0 Variances in Revenue from Rendering Services

The statement of financial performance and Note 6 to the financial statements reflects Kshs.6,007,505 in respect to rendering of services - medical service income. However, Management did not maintain a revenue cash book with details on daily billings and collections (amount paid), transfers to the Fund Account and withdrawals through Authority to Incur the expenditure (AIEs).

In addition, ledger or quarterly reports as well as M-pesa statements for the year under review were not submitted for audit examinations hence unsupported M-pesa collections. Furthermore, NHIF system generated reports on submitted claims and Capitation invoices were not provided hence total rendering services income charged to NHIF could not be established.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.6,007,505 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Muriranja's 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 and 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. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health policy Guidelines due to staff deficits by fifty-six (56) staff requirements or 55% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	4	12	75
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	1	1	50
Pediatrics	2	1	1	50
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	39	36	48
Total	101	45	56	55

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	129	21	14
Resuscitative (2 in Labor & 1 in Theatre)	2	0	2	100
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HOU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres- Maternity & General	2	1	1	50

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

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

2. Non-Functional Equipment

Review of records revealed that the Hospital had equipment that were not functional as detailed in table below;

No	Name	Quantity	Status
1.	Infant Warmer	1	Not Working
2.	Kitchen Cold-Room	1 Unit	Not Working
3.	Kitchen Fridge	1	Not Working
4.	Mortuary Cold-Room	2 Unit	Not Working
5.	Patient Monitor	4	Not Working
6.	Generator	1	Not Working
7.	Laundry Machine	1	Not Working
8.	Laundry Ironing Machine	1	Not Working

In the circumstances, value for money obtained from the non-functional equipment could not be confirmed.

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 Internal Controls, Risk Management and Governance section of my report, 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

1. Lack of Succession Plan for Board Members

The statement of financial performance reflects Nil board expenses as disclosed in Note 12 to the financial statements. However, review of Board of Management records revealed that appointment of the Hospital board members was not staggered since all eight (8) members of the Board including the Chairperson and independent members were appointed on 11 October, 2022 posing a challenge in succession planning.

In addition, the Board of Directors did not meet during the financial year 2021/2022 contrary to the Presidential Circular OP/CAB.9/1A of March 2020 that provides that Board meetings shall be capped at a minimum of four (4) and a maximum of six (6).

Further, the Board did not have an approved work plan/calendar for meetings. A Board work plan sets out the activities planned for each financial year and covers the timings for regular board meetings and those of the committees available and any special meeting convened during the year.

In the circumstances, the effectiveness of the governance measures put in place could not be confirmed.

2. Expiry of Medical Supplies

The statement of financial position reflects Nil inventory balance as disclosed in Note 26 to the financial statements. Review of the store records on pharmaceuticals and non-pharmaceuticals revealed that drugs worth Kshs.2,329,204 had expired.

In the circumstances, the effectiveness of internal controls on the management of drugs could not be confirmed.

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

Responsibilities of Management and the those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 control, risk management and governance.

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional 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 controls.
- 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 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

16 July, 2024

Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

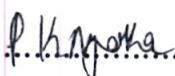
XII. Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22 Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	1	310,755
In-kind contributions from the County Government	2	0
Grants from donors and development partners	3	0
Transfers from other Government entities	4	0
Public contributions and donations	5	0
		310,755
Revenue from exchange transactions		
Rendering of services- Medical Service Income	6	6,007,505
Revenue from rent of facilities	7	0
Finance /Interest Income	8	0
Other income (<i>specify</i>)	9	0
Revenue from exchange transactions		6,007,505
Total revenue		6,318,260
Expenses		
Medical/Clinical costs	10	310,755
Employee costs	11	0
Board of Management Expenses	12	0
Depreciation and amortization expense	13	0
Repairs and maintenance	14	0
Grants and subsidies	15	0
General expenses	16	0
Finance costs	17	0
Total expenses		310,755
Other gains/(losses)		
Gain on disposal of non-Current assets	18	0
Unrealized gain on fair value of investments	19	0

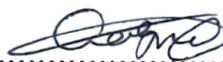
Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Medical services contracts Gains/Losses	20	0
Impairment loss	21	(0)
Gain on foreign exchange transactions		0
Total other gains/(losses)		0
Net Surplus for the year		6,007,505
Attributable to:		
Surplus/(deficit) attributable to minority interest		0
Surplus attributable to owners of the controlling entity		0
		0

The Hospital's financial statements were approved by the Board on 30th July, 2024 and signed on its behalf by:

..... 

Chairman
Board of Management

..... 

Head of Finance
ICPAK No: 13 246

..... 

Medical Superintendent

XIII. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22 Kshs
Assets		
Current assets		
Cash and cash equivalents	22	6,007,505
Receivables from exchange transactions	24	2,158,400
Receivables from non-exchange transactions	25	0
Inventories	26	0
Total Current Assets		8,165,905
Non-current assets		
Property, plant, and equipment	27	52,849,457
Intangible assets	28	0
Investment property	29	0
Total Non-current Assets		52,849,457
Total assets		61,015,362
Liabilities		
Current liabilities		
Trade and other payables	30	7,987,455
Refundable deposits from customers/Patients	31	0
Provisions	32	0
Finance lease obligation	33	0
Current portion of deferred income	34	0
Current portion of borrowings	35	0
Total Current Liabilities		7,987,455
Non-current liabilities		
Provisions		0
Non-Current Finance lease obligation		0
Non-Current portion of deferred income		0
Non - Current portion of borrowings		0
Service concession liability		0
Total Non-current liabilities		0
Total Liabilities		7,987,455

Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22 Kshs
Net assets		<u>53,027,907</u>
Revaluation reserve		0
Accumulated surplus/Deficit		6,007,505
Capital Fund		47,020,402
Total Net Assets and Liabilities		<u>53,027,907</u>

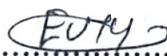
The Hospital's financial statements were approved by the Board on __30th July, 2024____ and signed on its behalf by:

.....
P. K. Njoroge

...
Chairman
Board of Management

.....


...
Head of Finance
ICPAK No: 13546

.....


...
Medical Superintendent

Muriranj Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIV. 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
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	0	-	0
Capital/Development grants	-	0	0	0
As at June 30, 2021	0	0	0	0
At July 1, 2021	0	0	0	0
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	6,007,505	0	6,007,505
Capital/Development grants	-	-	47,020,402	47,020,402
At June 30, 2022	-	6,007,505	47,020,402	<u>53,027,907</u>

The Hospital's financial statements were approved by the Board on 30th July, 2024 and signed on its behalf by:

..... PK MOKA

..
Chairman
Board of Management

..... 

..
Head of Finance
 ICPAK No: 13546

..... 

..
Medical Superintendent

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

Description	Note	2021/22 Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government		310,755
Grants from donors and development partners		0
Transfers from other Government entities		0
Public contributions and donations		0
Rendering of services- Medical Service Income		6,007,505
Revenue from rent of facilities		0
Finance / interest income		0
Other receipts(<i>specify</i>)		0
Total Receipts		6,318,260
Payments		
Medical/Clinical costs		310,755
Employee costs		0
Board of Management Expenses		0
Repairs and maintenance		0
Grants and subsidies		0
General expenses		0
Finance costs		0
Refunds paid out		0
Total Payments		310,755
Net cash flows from operating activities		6,007,505
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		(0)
Proceeds from the sale of property, plant, and equipment		0
Acquisition of investments		(0)
Net cash flows used in investing activities		(0)
Cash flows from financing activities		
Proceeds from borrowings		0
Repayment of borrowings		(0)
Capital grants received		0
Net cash flows used in financing activities		(0)

Muriranj Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Note	2021/22 Kshs
Net increase/(decrease) in cash and cash equivalents		0
Cash and cash equivalents at 1 July		0
Cash and cash equivalents at 30 July	22	6,007,505

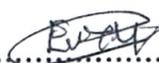
The notes set out on pages 1 to 46 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30th July, 2024 and signed on its behalf by:

..... P.K. Mwangi

..
Chairman
Board of Management

..... 

..
Head of Finance
ICPAK No: 13 568

..... 

..
Medical Superintendent

XVI. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	310,755	0	310,755	310,755	0	100%
Grants from donors and development partners	0	0	0	0	0	%
Transfers from other Government entities	0	0	0	0	0	%
Public contributions and donations	0	0	0	0	0	%
Rendering of services- Medical Service Income	6,007,505	0	6,007,505	6,007,505	0	100%
Revenue from rent of facilities	0	0	0	0	0	%
Finance / interest income	0	0	0	0	0	%
Other receipts (<i>specify</i>)	0	0	0	0	0	%
Total income	6,318,260	0	6,318,260	6,318,260	0	100%
Expenses						
Medical/Clinical costs	310,755	0	310,755	310,755	0	100%
Employee costs	0	0	0	0	0	%
Remuneration of directors	0	0	0	0	0	%
Repairs and maintenance	0	0	0	0	0	%
Grants and subsidies	0	0	0	0	0	%
General expenses	0	0	0	0	0	%
Finance costs	0	0	0	0	0	%
Refunds	0	0	0	0	0	%
Surplus for the period	6,007,505	0	6,007,505	6,007,505	0	100%
Capital expenditure	0	0	0	0	0	%

Muriranj Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

(Budget notes

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 30th July, 2024 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 135246

.....
Medical Superintendent

XVII. Notes To the Financial Statements

1. General Information

Muriranjias Hospital entity is established by and derives its authority and accountability from PFM Act 2012. The entity is wholly owned by the Murang'a County Government and is domiciled in Murang'a County in Kenya. The entity's principal activity is provide quality and affordable preventive, promotive, rehabilitative and curative health services to all Kenyans.

2. Statement Of Compliance And Basis Of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Muriranjias hospital. The financial statements have been prepared in accordance with the PFM Act 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide</p>

Notes to the Financial Statements (Continued)

b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Muranga County Government	310,755	0	0	0	310,755
Total	310,755	0	0	0	310,755

2. In Kind Contributions from The County Government

Description	2021/22 KShs
Salaries and wages	0
Pharmaceutical and Non-Pharmaceutical Supplies	0
Medical supplies-Drawings Rights (KEMSA)	0
Utility bills	0
Total grants in kind	0

(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)

3.Grants From Donors and Development Partners

Description	2021/22 KShs
Cancer Centre grant- DANIDA	0
World Bank grants	0
Paediatric ward grant- JICA	0
Research grants	0
Other grants (<i>specify</i>)	0
Total grants from development partners	0

(Provide brief explanation for this revenue)

Notes to the Financial Statements (Continued)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Total 2021/20
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

4. Transfers From Other Government Entities

Description	2021/22
	KShs
Transfer from National Government (Ministry of Health)	0
Transfer from National Hospital	0
Transfer from Institute	0
Total Transfers	0

5. Public Contributions and Donations

Description	2021/22
	KShs
Public donations	0
Donations from local leadership	0
Donations from religious institutions	0
Donations from other international organisations and individuals	0
Other donations(<i>specify</i>)	0
Donations in kind-amortised	0
Total donations and sponsorships	0

Notes to the Financial Statements (Continued)

(a) Reconciliations of amortised grants

Description	2021/22
	KShs
Balance unspent at beginning of year	0
Current year receipts	0
Amortised and transferred to revenue	0
Conditions to be met – remain liabilities	0

6. Rendering of Services-Medical Service Income

Description	2021/22
	KShs
Pharmaceuticals	0
Non-Pharmaceuticals	0
Laboratory	0
Radiology	0
Orthopedic and Trauma Technology	0
Theatre	0
Accident and Emergency Service	0
Anesthesia Service	0
Ear Nose and Throat service	0
Nutrition service	0
Cancer centre service	0
Dental services	0
Reproductive health	0
Paediatrics services	0
Farewell home services	0
Other medical services income	0
Total revenue from the rendering of services	6,007,505

Notes to the Financial Statements (Continued)

7. Revenue From Rent of Facilities

Description	2021/22
	KShs
Residential property	0
Commercial property	0
Total Revenue from rent of facilities	0

(Provide brief explanation for this revenue)

8. Finance /Interest Income

Description	2021/22
	KShs
Cash investments and fixed deposits	0
Interest income from short- term/ current deposits	0
Interest income from Treasury Bills	0
Interest income from Treasury Bonds	0
Interest from outstanding debtors	0
Total finance income	0

9. Other Income

Description	2021/22
	KShs
Insurance recoveries	0
Income from sale of tender	0
Services concession income	0
Sale of goods (water, publications, containers etc)	0
Total other income	0

Notes to the Financial Statements (Continued)

15. Grants And Subsidies

Description	2021/22 KShs
Community development and social work	0
Education initiatives and programs	0
Free/ subsidised medical camp	0
Disability programs	0
Free cancer screening	0
Other grants and subsidies(<i>specify</i>)	0
Total grants and subsidies	0

16. General Expenses

Description	2021/22 KShs
Advertising and publicity expenses	0
Catering expenses	0
Waste management expenses	0
Insecticides and rodenticides	0
Audit fees	0
Bank charges	0
Conferences and delegations	0
Consultancy fees	0
Contracted services	0
Electricity expenses	0
Insurance	0
Research and development expenses	0
Travel and accommodation allowance	0
Legal expenses	0
Licenses and permits	0
Courier and postal services	0
Printing and stationery	0
Hire charges	0
Rent expenses	0
Water and sewerage costs	0
Skills development levies	0
Telephone and mobile phone services	0

Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	2021/22
	KShs
Internet expenses	0
Staff training and development	0
Subscriptions to professional bodies	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0
Library books/Materials	0
Parking charges	0
Total General Expenses	0

17. Finance Costs

Description	2021/22
	KShs
Borrowings (amortized cost) *	0
Finance leases (amortized cost)	0
Interest on Bank overdrafts/Guarantees	0
Interest on loans from commercial banks	0
Total finance costs	0

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

18. Gain/Loss On Disposal Of Non-Current Assets

Description	2021/22
	KShs
Property, plant, and equipment	0
Intangible assets	0
Other assets not capitalised (<i>specify</i>)	0
Total gain on sale of assets	0

19. Unrealized Gain On Fair Value Investments

Description	2021/22
	KShs
Investments at fair value	0
Total gain	0

Muriranj Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2021	0	52,849,457	0	0	0	0	0	52,849,457
Depreciation	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustment		0	-	0	-	-	(0)	(0)
At 30th June 2022	0	52,849,457	0	0	0	0	0	52,849,457
Net book values								
At 30 th June 2021	0	52,849,457	0	0	0	0	0	52,849,457
At 30 th June 2022	0	52,849,457	0	0	0	0	0	52,849,457

Notes to the Financial Statements (Continued)

28. Intangible Assets-Software

Description	2021/22
	KShs
Cost	
At beginning of the year	0
Additions	0
Additions-Internal development	0
Disposal	(0)
At end of the year	0
Amortization and impairment	
At beginning of the year	0
Amortization for the period	0
Impairment loss	0
At end of the year	0
NBV	0

29. Investment Property

Description	2021/22
	KShs
At beginning of the year	0
Additions	0
Fair value gain	0
Depreciation (where investment property is at cost)	(0)
At end of the year	0

30. Trade And Other Payables

Description	2021/22
	KShs
Trade payables	7,987,455
Employee dues	0
Third-party payments (unremitted payroll deductions)	0
Audit fee	
Doctors' fee	0
Total trade and other payables	7,987,455

Notes to the Financial Statements (Continued)

31. Refundable Deposits from Customers/Patients

Description	2021/22 KShs
Medical fees paid in advance	0
Credit facility deposit	0
Rent deposits	0
Others (<i>specify</i>)	0
Total deposits	0

32. Provisions

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount & time value for money	(0)	(0)	(0)	(0)
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

33. Finance Lease Obligation

Description	2021/22 Kshs
Current Lease obligation	0
Long term lease obligation	0
Total	0

Notes to the Financial Statements (Continued)

34. Deferred Income

Description	2021/22 KShs
Current Portion	0
Non-Current Portion	0
Total	0

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to statement of financial performance	(0)	(0)	(0)	(0)
Other transfers (<i>Specify</i>)	(0)	(0)	(0)	(0)
Balance C/F	0	0	0	0

35. Borrowings

Description	2021/22 KShs
Balance at beginning of the period	0
External borrowings during the year	0
Domestic borrowings during the year	0
Repayments of external borrowings during the year	(0)
Repayments of domestic borrowings during the year	(0)
Balance at end of the period	0

Muriranj Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 20xx				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

(iii) Market risk

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

Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
20xx			
Euro	10%	0	0
USD	10%	0	0
20xx			
Euro	10%	0	0
USD	10%	0	0

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

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

iv) Capital Risk Management

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

	2021/22
	KShs
Revaluation reserve	0
Retained earnings	0
Capital reserve	0
Total funds	0
Total borrowings	0
Less: cash and bank balances	(0)
Net debt/ (<i>excess cash and cash equivalents</i>)	0
Gearing	%

5. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Muriranjias Hospital (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;

Description	2021/22 Kshs
Transactions with related parties	
a) Services offered to related parties	
Services	0
Sales of services	0
Total	0
b) Grants from the Government	
Grants from County Government	0
Grants from the National Government Entities	0
Donations in kind	0
Total	0
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	0
Payments for goods and services for xxx	0
Total	0
d) Key management compensation	
Directors' emoluments	0
Compensation to the medical Sup	0
Compensation to key management	0
Total	0

Notes to the Financial Statements (Continued)

6. Segment Information

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

7. Contingent Liabilities

Contingent liabilities	2021/22
	Kshs
Court case xxx against the company	0
Bank guarantees in favour of subsidiary	0
Total	0

(Give details)

8. Capital Commitments

Capital Commitments	2021/22
	Kshs
Authorised For	0
Authorised And Contracted For	0
Total	0

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

9. Events After The Reporting Period

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

10. Ultimate And Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

11. Currency

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

XVIII. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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

.....
Accounting Officer

Muriranjias Hospital (Muranga County Government)
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APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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APPENDIX IV: Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary entity]
 [Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (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 entity:

Name Cosmas Muli Sign [Signature] Date 30/07/2022

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APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

APPENDIX VI Disaster Expenditure Reporting Template

Date:						
Entity:						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments