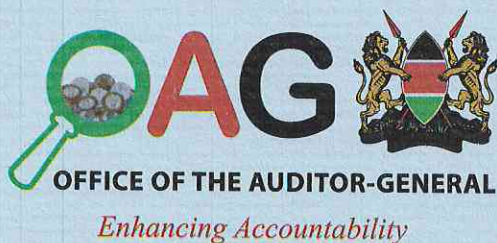


# REPUBLIC OF KENYA

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Anniversary Towers  
Monrovia Street  
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NAIROBI

OAG/KRO/KAPKOROS SCL3AH /2023/2024/ (11)

31 December, 2024

**Mr. Isaac K Kitur**

Clerk of the Bomet County Assembly,  
P. O. Box 590-20400

**BOMET**



Dear Sir,

**REPORT OF THE AUDITOR-GENERAL ON KAPKOROS SUB – COUNTY LEVEL 3A HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024**

I transmit the report on the examination and audit of **Kapkoros Sub – County Level 3A Hospital** for the year ended 30 June, 2024 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely

**CPA David Munyaka**  
**For: AUDITOR-GENERAL**

*Table of 7*  
*12/2/25*

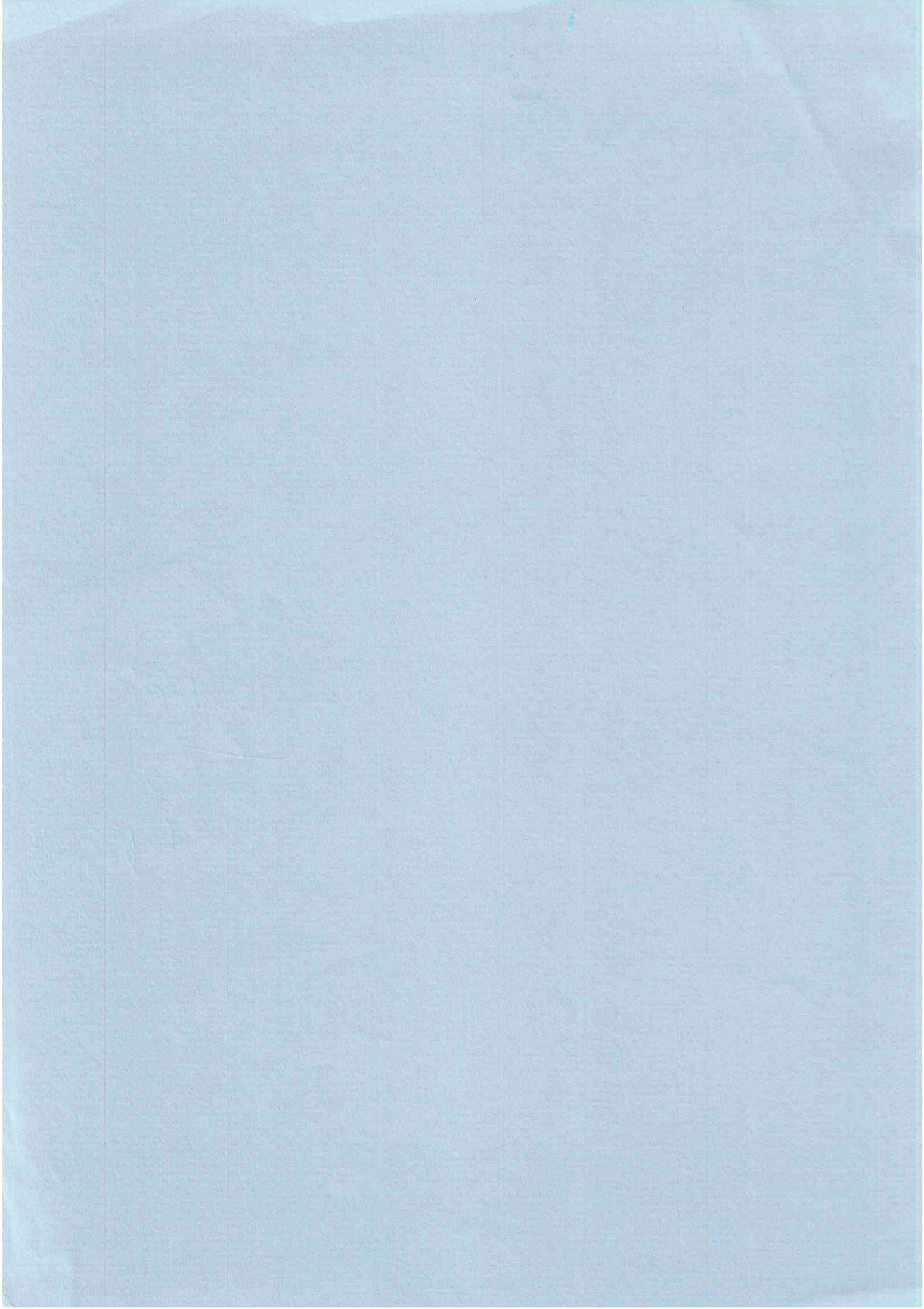
Copy to:

**Dr. Chris Kiptoo, CBS**  
Principal Secretary  
The National Treasury  
P.O. Box 30007 - 00100  
**NAIROBI.**

**Mr. Jeremiah Nyegenye, CBS**  
Clerk to the Senate  
P. O. Box 41842 – 00100  
**NAIROBI.**

**Hon. Rosa Chepngetich Bett**  
C.E.C.M. Finance and Economic Planning  
County Government of Bomet  
P. O Box 19-20400  
**BOMET**

**Dr. Hillary Chelimo**  
Medical Superintendent  
Kapkoros Level 3A Hospital  
P. O Box 393 - 20400  
**BOMET**



REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KAPKOROS SUB COUNTY LEVEL 3A  
HOSPITAL**

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

**COUNTY GOVERNMENT OF BOMET**





---

## **KAPKOROS Level 3A HOSPITAL (County Government of Bomet)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

---

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

***Kapkoros Level 3A Hospital (Bomet County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

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## **1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

|                      |                                                                                |
|----------------------|--------------------------------------------------------------------------------|
| CSR                  | Corporate Social Responsibility                                                |
| OSHA                 | Occupational Health & Safety Act                                               |
| PFMA                 | Public Financial Management Act                                                |
| MED SUP              | Medical Superintendent                                                         |
| Fiduciary Management | Key management personnel who have financial responsibility<br>in the Hospital. |

## **2. Key Hospital Information and Management**

### **(a) Background information**

Kapkoros sub-county Hospital is a level 3A hospital established under gazette notice number 786 and The Medical Practitioners and Dentists (Medical Institutions) (Amendment) Rules, 2017 (LN.3 of 2017). The hospital is domiciled in Bomet County under the health Department. The hospital is governed by a Board of Management, under The County Government of Bomet.

### **(b) Principal Activities**

The principal activity/mission/ mandate of **Kapkoros**, is to promote and maintain integrated high-quality preventive, curative and supportive health care that are accessible, effective, equitable and accountable to all people. The overall vision of the Hospital is to have a community free from preventable diseases that produce ill health, and sustained wellbeing through quality health care intervention.

### **(c) Key Management**

The Kapkoros's management is under the following key organs:

- County Health management team
- Sub-County Health Management Team
- Board of Management
- Medical Superintendent
- Hospital Health Management team.

### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

| No. | Designation            | Name                |
|-----|------------------------|---------------------|
| 1.  | Medical Superintendent | Dr. Hillary Chelimo |
| 2.  | Head of finance        | Mr. Jonah Munai     |
| 3.  | Head of supply chain   | Mr. Enock Rotich    |
| 4.  | Hospital Administrator | Mr. Bryant Mutai    |
| 5.  | Hospital Pharmacist    | Dr. Michael Warom   |

### **(e) Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Audit committee

- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees
  - County Assembly
  - Parliamentary committees
  - Other oversight committees

**(f) Hospital Headquarters**

P.O. 393 Bomet  
Kapkoros Sub County Hospital Building  
Silibwet – Litein Highway  
20400, KENYA

**(g) Hospital Contacts**

Telephone: (+254) 0794334125  
E-mail: kapkorossubcountyhospital@gmail.com

**(h) Hospital Bankers**

Co-operative bank of Kenya -Bomet branch

**(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**

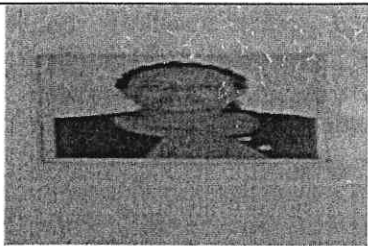
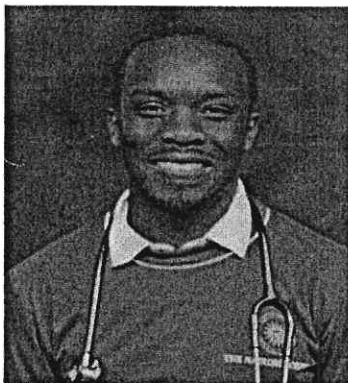
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya.

**(k) County Attorney**  
County Legal Admin  
P.O. Box.19  
Bomet Kenya

### 3. The Board of Management

| Ref | Directors                                                                                                      | Details                                                                                                                                                                                                                                                                                                                                                   |
|-----|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  |  <p>Chairman of the Board</p> | <p>Mr Martin Kirui is a seasoned, visionary and accomplished Manager with about 15 years of experience in various work places. He holds a master in finance from Jomo Kenyatta University.</p> <p>He has a vast working experience in various sectors which include kericho municipal, Nandi County council and also Kenya Industrial Estate Limited.</p> |
| 2.  |  <p>Board Member</p>         | <p>Mr Richard Tonui holds an Executive MBA program and also a degree in Economics. He has previously worked at communications authority of Kenya for 23 years and also at Kenya Posts and Telecommunication Cooperation.</p>                                                                                                                              |
| 3.  |  <p>Board Member</p>        | <p>Mrs Florence Chepkoech is an active Board Member who holds a Diploma in ECDE Teaching with an experience of 10 years in the education sector.</p>                                                                                                                                                                                                      |

|    |                                                                                                         |                                                                                                                                                                                                |
|----|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. |  <p>Board Member</p>   | Mr Richard Sigei is a hardworking board member who is also the chairman of a community based organization and former ward administrator and brings a lot of leadership skills to the board.    |
| 5  |  <p>Board Member</p>   | Miss Agnes Chepkemai is an active board member with a high integrity .She holds a diploma in advanced computer packages and currently works as a director at silibwet Alfa bookshop            |
| 6  |  <p>Board member</p> | Miss Millicent Chepkemai is an active board member who holds a certificate in early Childhood Development and Education and currently works at Kwenik Ab ilet primary school.                  |
| 7  |  <p>Board Member</p> | Mrs Emily Bii is an active board member with experience of 30 years in the teaching sector. She holds a certificate in primary school teaching. She currently works at Ngomwet Primary School. |

|    |                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8  |  <p>Board Member</p>             | <p>Mrs Anastasia Kimeto is an active board member with over 10 years' experience in the teaching sector a bachelor's degree in education in early Childhood education .She currently at shepherds Academy</p>                                                                                                                                                                                                                                                                                                                                                                                                     |
| 9  |  <p>Board Member.</p>            | <p>Mr Alfred Ronoh is a very hardworking and active board member he has an experience of over 20 years. The currently works at Bandwith providers east Africa limet as a project manager and previously worked at Telkom Kenya limited.</p>                                                                                                                                                                                                                                                                                                                                                                       |
| 10 |  <p>Board Member</p>           | <p>Mr Richard Chepkwony is an active board member with an experience of over 19 years as a community development facilitator and is also a board member of two secondary schools and currently he is the chairman of Bomet central community based organization.</p>                                                                                                                                                                                                                                                                                                                                              |
| 11 |  <p>Medical Superintendent</p> | <p>Dr. Chelimo H. Korir joined Kapkoros Sub County Hospital in October, 2022. He is an experienced medical officer with a wealth of experience in both clinical and administrative work. He previously served as the acting medical superintendent, Cheptalal Sub County Hospital. As a medical officer within the county, Dr. Chelimo demonstrated ability to transform institutions to deliver efficient and effective results. He has passion for quality healthcare provision and getting things done. He holds a Bachelor of Medicine &amp; Bachelor of Surgery (MBChB) degree from Kenyatta University.</p> |

|    |                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12 | <br>Hospital Administrator | Mr Bryant Mutai Joined Kapkoros Sub County Hospital in February 2023 as The Hospital Administrator. He is a Professional in the health sector who holds a degree in health service management from Kenyatta University. And has over the years worked in various health institutions such as Kapkatet Hospital and also worked in the insurance sector for over 5 years. He is a visionary leader and brings growth to the institution. |
|----|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### **4. Key Management Team**

| Ref | Management            | Details                   |
|-----|-----------------------|---------------------------|
| 1.  | Dr. Chelimo H. Korir  | Medical Superintendent    |
| 2.  | Mr. Bryant Mutai      | Hospital Administrator    |
| 3.  | Mrs. Roseline Tamason | Nursing Officer In Charge |
| 4.  | Mr. Jonah Munai       | Accountant                |

#### **5. Chairman's Statement**

Kapkoros Sub- County hospital was founded in 1961 as a dispensary, then, managed by the Local Authorities. Minor upgrades have since been done to upgrade it to a health centre in 2003, and subsequently as a sub county hospital commencing in March 2024.

This, has, over time, led to an increase in the scope of services offered, to cater to the increased needs of the growing population adjacent to it, and beyond the boundaries.

Despite challenges, the facility offers quality, effective and efficient healthcare services, powered by its dedicated, professional and hardworking staff.

The hospital is funded and run by the County Government of Bomet. Additionally, the facility receives extra resources from its partners.

Generally, it was a successful year with a few manageable challenges. Looking forward to improved healthcare services and infrastructural developments at Kapkoros sub county hospital.

Name.....*Martin Kirui*.....

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

The general outlook of the facility has been good, with strong positive indicators of healthcare provision for the fiscal year 2023/2024, albeit some manageable challenges.

Human resource: The staffing of the facility mainly comprises of those employed by the County Government of Bomet and staff under the AIE of the Facility. We also receive staff support from our partners such as Walter reed (PEPFAR) under the CCC department.

Economic resources: The facility receives a monthly AIE of Kshs. 350,000 from the department of Health Services at the county, an amount which is way below what is recommended for a level 4 health facility. For example, the casual wages, utilities i.e. water and electricity consumes nearly half of the amount allocated to the hospital, excluding other essential commodities and services to share the remaining amount. On revenue, the facility initiated structures to collect revenue, which has been met with a slow start, from April 2024. This includes the following areas: Outpatient, laboratory, radiology and dental departments.

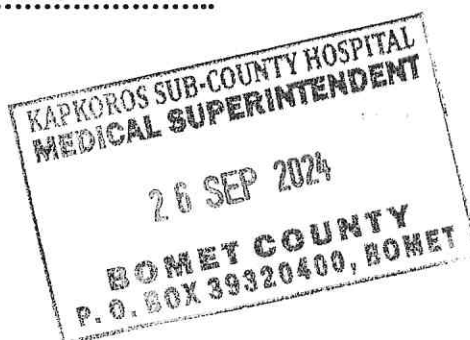
Power supply has been stable with an emergency generator as a back-up. Water supply has been aided with an all-year-round rainy season. However, the facility would benefit greatly from the service of an uninterrupted water supply by a permanent borehole.

Service delivery: Despite the low resources, the facility has been able to meet its obligations and objectives to the community, and healthcare service delivery has improved over the period, with slow increase in human resource numbers and hospital capabilities in terms of laboratory investigations, maternal & child health services and health products and technologies units.

Name.....*D. Hilary Cheliso*.....

Sign.....*[Signature]*.....

Date.....*26/09/2024*.....



## 7. Statement of Performance against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government Kapkoros Sub County Hospital's performance against predetermined objectives.

*Kapkoros Sub-County Hospital* has 2 strategic pillars/ themes/issues and objectives within the current

Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Preventive services

Pillar/theme/issue 2: Curative Services

*Kapkoros Sub- County hospital* develops its annual work plans based on the above 2 pillars/Themes/Issues.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *hospital* achieved its performance targets set for the FY 2022/2023 period for its 2 strategic pillars, as indicated in the diagram below:

| Strategic Pillar/Theme/Issues | Objective           | Key Performance Indicators | Activities                       | Achievements                                  |
|-------------------------------|---------------------|----------------------------|----------------------------------|-----------------------------------------------|
| Pillar/ theme/ issue 1:       | Preventive services | Workload                   | Community outreach services      | Reduced communicable diseases in the locality |
| Pillar/ theme/ issue 1:       | Curative Services   | Workload                   | Establishment of special clinics | Improved service delivery                     |

## 8. Corporate Governance Statement

Kapkoros Sub-County Hospital is constituted as per the Constitution of Kenya, 2010 and Kenya health Act 2107. The Hospital is headed by a medical superintendent, who is responsible for the general policy and strategic direction of the hospital.

The hospital is yet to be declared as a Kapkoros Sub County Hospital as contemplated in PFM Act section 5 and section 109 subsections 2b however, the hospital has been operating under the framework of hospital management board and health facility management committee policy 2018.

## **9. Management Discussion and Analysis**

Kapkoros sub-county county hospital is the only sub-county hospital serving the larger Bomet Central Sub-County. It has a catchment population of 18,511. It has a maternity bed capacity of 10.

The hospital offers outpatients services, maternity services besides one other special clinic which is runned by a medical officer.

For the last one year the patients attended at the hospital are as per the following tables

### **Total outpatient attendance**

|                    |               |
|--------------------|---------------|
| OPD >5 years male  | 5696          |
| OPD>5 years female | 7740          |
| OPD<5years male    | 976           |
| OPD<5 years female | 909           |
| Over sixty years   | 841           |
| <b>Totals</b>      | <b>16,162</b> |

### **Special clinics**

|                        |            |
|------------------------|------------|
| General medical clinic | 746        |
| <b>Totals</b>          | <b>746</b> |

### **Maternity services**

|               |            |
|---------------|------------|
| Admissions    | 438        |
| <b>Totals</b> | <b>438</b> |

### **Financial performance that includes**

- Revenue sources,
- Utilization of funds etc.

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

Kapkoros 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***

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

##### ***ii) Environmental performance***

Kapkoros sub-county hospital uses Kaizens policy, i.e. (5s) the five (s) is for: sort, set, shine standardize and sustain. The policy has been shared with every department, with a clear wall chart within the hospital. The health care staffs are provided with personal protective equipment (PPEs) such as clean and sterile gloves, and masks. Health care workers are advised to minimize waste originating from their departments as much as possible. Each department (MCH, Maternity, CCC, and OPD) is provided with bin liners (RED, YELLOW & BLACK) and safety boxers.

RED BIN LINERS are for highly infectious waste such as placentas  
YELLOW BIN LINERS are for infectious waste such as gloves  
BLACK BIN LINERS are for general waste such as papers food etc.

SAFETY BOXES are for sharp objects such as syringes and needles

The success has been seen in the minimal and reduced infection transmission amongst the healthcare workers within the hospital, and the general public.

However, challenges do exist when it comes to waste segregation, disposal and also timely availability of all the bin liners and safety boxes, as this is a function of the department of health services through our suppliers.

##### ***iii) Employee welfare***

Hiring process for health care workers is mainly done by the CGOB (County government of Bomet) through the CPSB (County Public Service Board). This is with an exception of the staff hired under the hospital's AIE, who go through the hospital's board of management on a contractual basis. The hiring is done according to the public serve act on hiring that takes into account the 2/3 gender rule. Routine on job trainings and CMES are done to further strengthen the knowledge and skill base.

## **11. Report of the Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of the *hospital's* affairs.

### **Principal activities**

The principal activities of the Kapkoros Sub-County Hospital are provision of health services to the patients

### **Results**

The results of the Kapkoros Sub-County Hospital for the year ended June 30, 2024 are set out on pages 1-5

### **Board of Management**

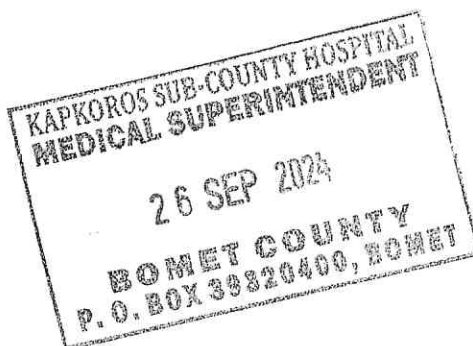
The members of the Board who served during the year are shown on page ix. During the year no director retired/ resigned and therefore no one was appointed.

### **Auditors**

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

By Order of the Board

**Board Secretary**



## **12. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2012 (Kapkoros Level 3 A Hospital is established under gazette notice number 786 and The Medical Practitioners and Dentists (Medical Institutions) (Amendment) Rules, 2017 (LN.3 of 2017)) requires the Board of Management to prepare financial statements in respect of Kapkoros level 3 Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results of the *Hospital* for that year/period. 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's* financial statements, which give a true and fair view of the state of affairs of the *Hospital* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board 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, 2024, 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 the *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**

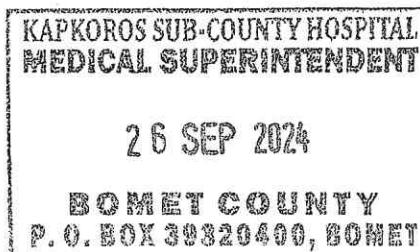
The Hospital's financial statements were approved by the Board on 21/08/2024 and signed on its behalf by:



Name: Martin Kirui  
Chairperson  
Board of Management



Name: Dr. Hillary Chelimo  
Accounting Officer





# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
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*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON KAPKOROS SUB-COUNTY LEVEL 3A HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF BOMET**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kapkoros Sub-County Level 3A Hospital - County Government of Bomet set out on pages 1 to 35, which comprise of the

statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapkoros Sub-County Level 3A Hospital - County Government of Bomet as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Total Revenue**

The statement of financial performance reflects total revenue amounting to Kshs.4,860,000. A review of the Hospital's revenue and the records revealed medical services income amounting to Kshs.706,990 was received from National Health Insurance Fund (NHIF). However, the income has not been disclosed in the financial statements.

Further, review of records revealed that the Hospital received services from forty (40) medical and non-medical staff employed and paid by the County Government of Bomet. However, the salaries and wages paid to the employees by the County Government of Bomet was not disclosed as in-kind contributions from the county government.

In addition, physical verification and review of the Hospital's stores records revealed that the Hospital received donations of program commodities drugs and other supplies of unknown value from a foundation. However, the donations have not been disclosed in the financial statements.

In the circumstances, the accuracy and completeness of total revenue amounting to Kshs.4,860,000 could not be confirmed.

#### **2. Unsupported Medical and Clinical Costs**

The statement of financial performance reflects medical and clinical costs amounting to Kshs.1,740,780 as further disclosed in Note 7 to the financial statements. However, supporting documents including user requisitions, local purchase orders, delivery notes, inspection and acceptance committee reports, counter receipt vouchers and store ledgers were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of medical and clinical costs amounting to Kshs.1,740,780 could not be confirmed.

### **3. Inaccuracy of Employee Costs**

The statement of financial performance reflects employee costs amounting to Kshs.1,352,000 as further disclosed in Note 8 to the financial statements in respect of wages to casuals and contractual employees. Review of records revealed that the Hospital received services from forty (40) medical and non-medical staff employed and paid by the County Government of Bomet. However, the expenditure in respect of compensation to those employees paid by the County Government of Bomet was not disclosed in the financial statements. The payroll for these employees was also not provided for audit review.

In the circumstances, the accuracy and completeness of employee costs amounting to Kshs.1,352,000 could not be confirmed.

### **4. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents totalling Kshs.2,404. The amount includes bank balance amounting to Kshs.1,349 as disclosed in Note 13 to the financial statements. However, the cash book, bank reconciliation statements, bank statements, certificate of bank balance and board of survey report in support of the bank balance were not provided for audit review.

Further, review records revealed that the Hospital operated and maintained other two bank accounts for revenue collection and development in a local commercial bank which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents totalling Kshs.1,349 could not be confirmed.

### **5. Inaccuracy of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment totalling Kshs.47,000. However, the amount has not been analyzed in a Note to the financial statements.

Further, review of records and physical verification revealed that various assets including land measuring approximately sixteen (16) acres, buildings, civil works, furniture, computers and medical equipment of unknown values were being used by the Hospital. However, the assets have not been valued and disclosed in the financial statements. Management explained that the records of assets were maintained at the County Government Headquarters but no evidence was provided for audit verification. The fixed asset register was also not provided for audit review.

In the circumstances, the accuracy, completeness and ownership property, plant and equipment balance of Kshs.47,000 could not be confirmed.

## **6. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables totalling Kshs.1,019,350. The amount includes trade payables and employee dues totalling Kshs.503,350 and Kshs.516,000, respectively, as disclosed in Note 16 to the financial statements. However, creditors ledger and ageing analysis in support of trade and other payables was not provided for audit review.

In the circumstances, the accuracy, completeness and existence of trade and other payables totalling Kshs.1,019,350 could not be confirmed.

## **7. Inaccuracy of Accumulated Deficit**

The statement of financial position reflects accumulated deficit amounting to Kshs.600,055. However, the amount differs with the accumulated deficit amounting to Kshs.622,025 reflected in the statement of changes in net assets resulting to an unexplained variance of Kshs.21,970.

Further, the statement of changes in net assets reflects accumulated deficit opening balance amounting to Kshs.21,970. However, the amount differs with the prior year audited deficit amounting to Kshs.197,970 reflected in the statement of changes in net assets resulting in unexplained variance of Kshs.176,000.

In the circumstances, the accuracy and completeness of accumulated deficit amounting to Kshs.600,055 could not be confirmed.

## **8. Inaccuracy of Capital Fund**

The statement of financial position reflects capital fund amounting to Kshs.2,192,870. However, the amount differs with the Nil capital fund reflected in the statement of changes in net assets resulting in unexplained variance of Kshs.2,192,870.

In the circumstances, the accuracy and completeness of capital fund amounting to Kshs.2,192,870 could not be confirmed.

## **9. Inaccuracy of Net Assets**

The statement of financial position reflects net assets totalling Kshs.2,612,165. However, the amount differs with the recomputed total assets amounting to Kshs.1,592,815 resulting in unexplained variance of Kshs.1,019,350.

In the circumstances, the accuracy and completeness of net assets totalling Kshs.2,612,165 could not be confirmed.

## **10. Inaccuracies in the Statement of Cash flows**

The statement of cash flows reflects total payments amounting to Kshs.4,858,035. However, the amount differs with the total expenses amounting to Kshs.5,460,055

reflected in the statement of financial performance resulting to unexplained variance of Kshs.602,020.

Further, the statement of cash flows reflects Nil increase in cash and cash equivalents which differs with the recomputed increase of Kshs.1,965 resulting to an unreconciled variance of Kshs.1,965.

In addition, the statement does not reflect the respective Notes to the financial statements for its components.

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

### **11. Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects total expenditure on comparable basis amounting to Kshs.4,858,035. However, the amount includes expenditure amounting to Kshs.3,598,035 which are at variance with respective expenditure amounting to Kshs.4,200,055 reflected in the statement of financial performance resulting in unexplained variance of Kshs.602,020 as shown below:

| <b>Description</b>           | <b>Amount in<br/>Statement of<br/>Financial<br/>Performance<br/>(Kshs)</b> | <b>Amount in<br/>Statement of<br/>Comparison of<br/>Budget and<br/>Actual Amounts<br/>(Kshs)</b> | <b>Variance<br/>(Kshs)</b> |
|------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------|
| Medical/ Clinical Costs      | 1,740,780                                                                  | 1,537,440                                                                                        | 203,340                    |
| Employee Costs               | 1,352,000                                                                  | 1,038,000                                                                                        | 314,000                    |
| Board of Management Expenses | 24,000                                                                     | 12,000                                                                                           | 12,000                     |
| Repairs and Maintenance      | 188,010                                                                    | 213,680                                                                                          | (25,670)                   |
| General Expenses             | 895,265                                                                    | 796,915                                                                                          | 98,350                     |
| <b>Total</b>                 | <b>4,200,055</b>                                                           | <b>3,598,035</b>                                                                                 | <b>602,020</b>             |

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

### **12. Variance in the Financial Statements and Supporting Schedules**

Comparison between the financial statements and the general ledger revealed variances as shown below:

| Item Description                           | Note | Financial Statements Amount (Kshs) | Supporting Schedule Amount (Kshs) | Variance (Kshs) |
|--------------------------------------------|------|------------------------------------|-----------------------------------|-----------------|
| Medical/Clinical Costs                     | 7    | 1,740,780                          | 1,537,440                         | 203,340         |
| Compensation of Employees                  | 8    | 1,352,000                          | 1,038,000                         | 314,000         |
| Board of Management Expenses               | 9    | 24,000                             | 12,000                            | 12,000          |
| Repairs and Maintenance                    | 10   | 188,010                            | 213,680                           | (25,670)        |
| General Expenses                           | 11   | 895,265                            | 796,915                           | 98,350          |
| Receivables from Non-Exchange Transactions |      | 2,000,000                          | 2,099,000                         | 99,000          |

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

### 13. Inaccuracies in the Comparative Balances

The financial statements reflect comparative balances that differ with the prior year audited financial statements figures as shown below:

| Component Description                     | Statement             | Financial Statements 2023/2024 (Kshs.) | Audited Financial Statements 2022/2023 (Kshs.) | Variance (Kshs.) |
|-------------------------------------------|-----------------------|----------------------------------------|------------------------------------------------|------------------|
| Employee Costs                            | Financial Performance | 920,000                                | 1,096,000                                      | 176,000          |
| Total Expenses                            | Financial Performance | 5,174,460                              | 5,350,460                                      | 176,000          |
| Net surplus                               | Financial Performance | 237,540                                | 61,540                                         | 176,000          |
| Property, Plant and Equipment             | Financial Position    | -                                      | 47,000                                         | 47,000           |
| Accumulated Surplus                       | Financial Position    | 237,540                                | 61,540                                         | 176,000          |
| Capital Fund                              | Financial Position    | 1,437,000                              | 2,084,330                                      | 647,330          |
| Employee Costs                            | Cash flows            | 920,000                                | 1,096,000                                      | 176,000          |
| Total Payments                            | Cash flows            | 5,174,460                              | 5,350,460                                      | 176,000          |
| Net Cash Flows from Operating Activities  | Cash flows            | 237,540                                | 61,540                                         | 176,000          |
| Net Increase in Cash and Cash Equivalents | Cash flows            | -                                      | 61,540                                         | 61,540           |
| Employee Costs                            | Note 8                | 920,000                                | 1,096,000                                      | 176,000          |
| Transfer to Dispensaries                  | Note 12               | 15,200,000                             | 1512,000                                       | 13,688,000       |

In the circumstances, the accuracy and completeness of comparative figures could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kapkoros Sub-County Level 3A Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit reports of the previous year, twelve (12) issues were raised under the Report on Financial Statements, Emphasis of Matter, Other Matter, and Report on Lawfulness and Effectiveness in use of Public Resources. Management indicated that the issues have been resolved. However, no documentary evidence in support of the same was provided for audit review.

### **Other Information**

The Management is responsible for the other information set out on page v to xvii which comprise of Key Hospital Information and Management, the Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the 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. Lack of an Approved Annual Budget**

The Hospital operated without an approved budget in the year under review. This was contrary to Section 18(a) of the Facilities Improvement Financing Act, 2023 which mandates the Health Facility Management Committee to consider and submit for approval to the chief officer the annual facility work plan and budget.

Management explained that the budgetary requirements of the Hospital were incorporated in the County Government's budget and therefore the Hospital operated on monthly Authority to Incur Expenditures (AIEs) that were issued by the Health Department of the County. However, Management did not provide the annual approved budget as included in the County Government's annual budget for the financial year 2023/2024.

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

### **2. Irregular Engagement and Payment of Casual Employees**

The statement of financial performance reflects employee costs amounting to Kshs.1,352,000 as disclosed in Note 8 to the financial statements in respect of wages to casual workers. Review records revealed that the Hospital engaged casual employees for a period of twelve months without review of their terms. This was contrary to Section 37(1)(b) of the Employment Act, 2007 which provides that where a casual employee performs work for more than three months, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

Further, the approved staff establishment showing deficiency of staff to be filled by the casuels, formal requests done by the departmental heads on the need for engaging casuels and the Hospital Management Committee's approval were not provided for audit review.

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

### **3. Lack of Hospital Management Committee**

During the year under review, the Hospital did not have a Management Committee to oversee administration, promote the development, approve plans and programs of the Hospital and monitor the utilization of facility improvement financing. This was contrary to Section 17 of the Facilities Improvement Financing Act, 2023 which requires the Health Facility Management Committee to consist of not less than seven and not more than nine members appointed by the county executive committee responsible for health matters for a term of three years.

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

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

Review of Hospital records and interviews on verification of services offered in the Hospital at the time of audit revealed that the Hospital did not have basic emergency inpatient care as well as a holding room for dead bodies contrary to the requirements of the Kenya Medical Practitioners and Dentists Council (KMPDC) for Level 3A hospitals.

Further, verification of staffing levels and equipment available revealed that the facility did not meet the requirements of Kenya Quality for Health Policy Guidelines due to staff deficits and lack of medical equipment.

This was contrary to the First Schedule of Health Act, 2017.

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

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the 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 governance were not effective.

#### **Basis for Conclusion**

##### **1. Lack of Internal Audit Review and Audit Committee**

During the year under review, there was no internal audit review of the Hospital's activities. This was contrary to Regulation 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires internal auditors to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities and review the effectiveness of the financial and non-financial performance management systems of the entities.

Further, the Hospital did not have an audit committee as required by Regulation 155 (5) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the oversight on effectiveness of internal controls, risk management and overall governance could not be confirmed.

## **2. Weak Internal Controls Related to Revenue Collection by the Hospital**

Review of Hospital operations revealed that the Hospital offers various services to the public for which patients are expected to pay for. However, Management explained that revenue from these services is collected by the County Government on behalf of the Hospital. Review of the revenue processes revealed that patients pay electronically through the Hospital designated Paybill and are issued with receipts for the services. However, no records were available for audit to confirm how the billing was done to the patients and receipts from subsequent payments from the patients.

In the circumstances, the weak control measures in revenue collection by the Hospital may cause the Hospital to lose its revenue since it is difficult to track the billings to patients and the total revenue collected by the Hospital for services rendered in a year.

## **3. Weak Internal Controls in Stores and Inventory Management**

Review of the stores records revealed that the Hospital lacked an inventory management policy that defines the issuance system adopted for pharmaceutical and non-pharmaceutical supplies including replenishment of stock, receipt and dispatch of drugs, inspection of available stock and how stock expiry was tracked and disposal undertaken.

Further, the stores had an inventory management system that was not linked to pharmacy records and therefore could not track drugs after they had been issued to the pharmacy. This was contrary to Section 3.7.3 of the Guidelines for Good Distribution Practices for Health Products and Technologies in Kenya which requires that a written procedure must be in place to ensure effective stock rotation.

In addition, the Hospital did not have adequate storage space to maintain the required quantity and quality of drugs which could have contributed to the shortage of essential pharmaceuticals and non-pharmaceuticals affecting service delivery to the public.

In the circumstances, effectiveness of internal controls implemented in the stores department to safeguard against possible losses could not be confirmed.

## **4. Lack of Standard Operating Procedures and Policies**

The Management did not provide approved standard operating procedures which play an important role in guiding operations and acting as a reference guide. Further, Management had not developed key policies and manuals or guidelines such as Human Resource Policy and Procedures Manual, Finance and Accounting Manual, Assets Management Policy, Transport Management Policy, Communication Policy and Disaster Recovery and Business Continuity Policy to assist in guiding the administrative functions.

In the circumstance, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

## **5. Lack of Risk Management Strategies**

The Hospital's Management had not put in place risk management policy to guide the Management on risk assessment and formulation of risk mitigation strategies. It was, therefore, not clear how Management manages risk exposures. This was contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations.

In the absence of an approved risk management framework, the Management's ability to identify, measures and mitigate operations and other risks faced by the Hospital may have been constrained.

## **6. Use of Manual Accounting Records**

The Management has put in place, the Healthcare Management Information System (HMIS). However, the system is not fully utilized since the financial records in the cashbook and ledgers were recorded and maintained in manual form which do not have the necessary backups, thereby exposing the Hospital's financial information to risks of inaccuracy, inefficiencies, manipulations and possible loss. The management, did not provide any justification as to why the financial transactions were not maintained in the system.

In the circumstances, data integrity and reliability of the accounting records in the manual system could not be confirmed.

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

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

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Management 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**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 December, 2024



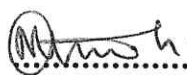
**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**14. Statement of Financial Performance for The Year Ended 30 June 2024**

| Description                                   | Note | FY 2023/2024     | FY 2022/2023     |
|-----------------------------------------------|------|------------------|------------------|
|                                               |      | Kshs             | Kshs             |
| <b>Revenue from non-exchange transactions</b> |      |                  |                  |
| Transfers from the County Government          | 6    | 4,860,000        | 5,412,000        |
| <b>Total revenue</b>                          |      | <b>4,860,000</b> | <b>5,412,000</b> |
|                                               |      |                  |                  |
| <b>Expenses</b>                               |      |                  |                  |
| Medical/Clinical costs                        | 7    | 1,740,780        | 1,761,870        |
| Employee costs                                | 8    | 1,352,000        | 920,000          |
| Board of Management Expenses                  | 9    | 24,000           | 37,000           |
| Repairs and maintenance                       | 10   | 188,010          | 439,790          |
| General expenses                              | 11   | 895,265          | 503,800          |
| Transfer to Dispensaries                      | 12   | 1,260,000        | 1,512,000        |
| <b>Total expenses</b>                         |      | <b>5,460,055</b> | <b>5,174,460</b> |
| <b>Net Surplus / (Deficit) for the year</b>   |      | <b>(600,055)</b> | <b>237,540</b>   |

*The notes set out on pages 6 to 34 form an integral part of the Annual Financial Statements*

The Hospital's financial statements were approved by the Board on 21/8/2024 and signed on its behalf by:

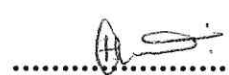
  
.....

**Chairman**

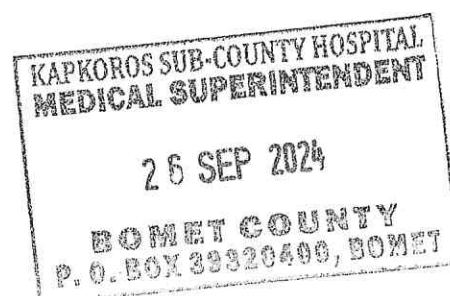
**Board of Management**

  
.....

**Head of Finance**

  
.....

**Medical Superintendent**



**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

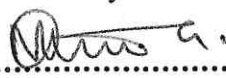
**15. Statement of Financial Position as at 30th June 2024**

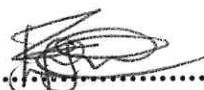
| Description                      | Note | FY<br>2023/2024  | Restated FY<br>2022/2023 | FY 2022/2023     |
|----------------------------------|------|------------------|--------------------------|------------------|
|                                  |      | Kshs             |                          | Kshs             |
| <b>Assets</b>                    |      |                  |                          |                  |
| <b>Current assets</b>            |      |                  |                          |                  |
| Cash and cash equivalents        | 13   | 2,404            |                          | 439              |
| Receivables                      | 14   | 2,000,000        |                          | 1,628,000        |
| Inventories                      | 15   | 562,761          |                          | 517,431          |
| <b>Total Current Assets</b>      |      | <b>2,565,165</b> |                          | <b>2,145,870</b> |
| <b>Non-current assets</b>        |      | -                |                          | -                |
| Property, plant, and equipment   |      | 47,000           |                          | 47,000           |
| <b>Total assets (A)</b>          |      | <b>2,612,165</b> |                          | <b>2,192,870</b> |
|                                  |      |                  |                          |                  |
| <b>Liabilities</b>               |      |                  |                          |                  |
| <b>Current liabilities</b>       |      |                  |                          |                  |
| Trade and other payables         | 16   | 1,019,350        | 417,330                  | 518,330          |
| <b>Total Current Liabilities</b> |      | <b>1,019,350</b> | <b>417,330</b>           | <b>518,330</b>   |
|                                  |      |                  |                          |                  |
| <b>Non-current liabilities</b>   |      | -                |                          | -                |
| <b>Total Liabilities (B)</b>     |      | <b>1,019,350</b> | <b>417,330</b>           | <b>518,330</b>   |
|                                  |      |                  |                          |                  |
| <b>Represented by:</b>           |      |                  |                          |                  |
| Revaluation reserve              |      | -                |                          | -                |
| Accumulated surplus/Deficit      |      | (600,055)        | 237,540                  | 237,540          |
| Capital Fund                     |      | 2,192,870        | 1,437,000                | 1,437,000        |
|                                  |      |                  |                          |                  |
| <b>Net Assets</b>                |      | <b>2,612,165</b> | <b>2,192,870</b>         | <b>2,192,870</b> |

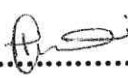
i) Trade payables for FY 2022/23 were restated to correct misstatement of reported figure of wages payables of kshs 303,000 to actual amount of Kshs 202,000.

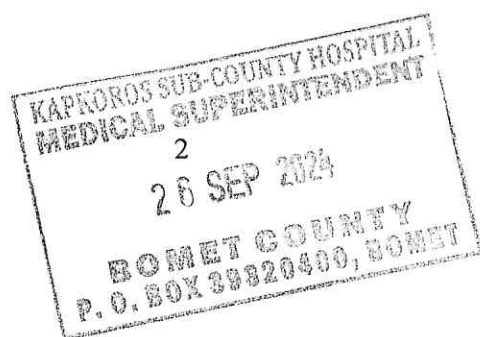
ii) The notes set out on pages 6 to 34 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 21/08/2024 and signed on its behalf by:

  
 .....  
**Chairman**  
**Board of Management**

  
 .....  
**Head of Finance**

  
 .....  
**Medical Superintendent**



**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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**16. Statement of Changes in Net Asset for The Year Ended 30 June 2024**

| Description                                | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total     |
|--------------------------------------------|---------------------|-----------------------------|--------------|-----------|
| <b>As at July 1, 2023 (previous year)</b>  | -                   | (259,510)                   | -            | (259,510) |
| Revaluation gain                           | -                   | -                           | -            | -         |
| Surplus/(deficit) for the year             | -                   | 237,540                     | -            | 237,540   |
| Capital/Development grants                 | -                   | -                           | -            | -         |
| <b>As at June 30, 2023 (previous year)</b> | -                   | (21,970)                    | -            | (21,970)  |
|                                            |                     |                             |              |           |
| <b>At July 1, 2024(current year)</b>       | -                   | (21,970)                    | -            | (21,970)  |
| Revaluation gain                           | -                   | -                           | -            | -         |
| Surplus/(deficit) for the year             | -                   | (600,055)                   | -            | (600,055) |
| Capital/Development grants                 | -                   | -                           | -            | -         |
| <b>At June 30, 2024 (current year)</b>     | -                   | (622,025)                   | -            | (622,025) |

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

| Description                                                 | Note | FY 2023/2024     | FY 2022/2023     |
|-------------------------------------------------------------|------|------------------|------------------|
|                                                             |      | Kshs             | Kshs             |
| <b>Cash flows from operating activities</b>                 |      |                  |                  |
| <b>Receipts</b>                                             |      |                  |                  |
| Transfers from the County Government                        |      | 4,860,000        | 5,412,000        |
| <b>Total Receipts</b>                                       |      | <b>4,860,000</b> | <b>5,412,000</b> |
|                                                             |      |                  |                  |
| <b>Payments</b>                                             |      |                  |                  |
| Medical/Clinical costs                                      |      | 1,537,440        | 1,761,870        |
| Employee costs                                              |      | 1,038,000        | 920,000          |
| Board of Management Expenses                                |      | 12,000           | 37,000           |
| Repairs and maintenance                                     |      | 213,680          | 439,790          |
| General expenses                                            |      | 796,915          | 503,800          |
| Transfer to dispensaries                                    |      | 1,260,000        | 1,512,000        |
| <b>Total Payments</b>                                       |      | <b>4,858,035</b> | <b>5,174,460</b> |
| <b>Net cash flows from operating activities</b>             | 17   | <b>1,965</b>     | <b>237,540</b>   |
| <b>Cash flows from investing activities</b>                 |      |                  |                  |
| Purchase of property, plant, equipment                      |      | (-)              | (-)              |
| Purchase of intangible assets                               |      | (-)              | (-)              |
| Proceeds from the sale of PPE                               |      | -                | -                |
| Acquisition of investments                                  |      | (-)              | (-)              |
| <b>Net cash flows used in investing activities</b>          |      | <b>(-)</b>       | <b>(-)</b>       |
| <b>Cash flows from financing activities</b>                 |      |                  |                  |
| Proceeds from borrowings                                    |      | -                | -                |
| Repayment of borrowings                                     |      | (-)              | (-)              |
| Capital grants received                                     |      | -                | -                |
| <b>Net cash flows used in financing activities</b>          |      | <b>(-)</b>       | <b>(-)</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>-</b>         | <b>(-)</b>       |
| Cash and cash equivalents as at 1 July                      | 27   | 439              | 899              |
| <b>Cash and cash equivalents as at 30 June</b>              | 27   | <b>2,024</b>     | <b>439</b>       |

i) PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting.

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024

| Description                          | Original budget  | Adjustment     | 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                   |                  |
| <b>Revenue</b>                       |                  |                |                  |                            |                        |                  |
| Transfers from the County Government | 5,112,000        | 500,000        | 5,612,000        | 4,860,000                  | 752,000                | 87%              |
| <b>Total income</b>                  | <b>5,112,000</b> | <b>500,000</b> | <b>5,612,000</b> | <b>4,860,000</b>           | <b>752,000</b>         | <b>87%</b>       |
| <b>Expenses</b>                      |                  |                |                  |                            |                        |                  |
| Medical/Clinical costs               | 1,156,000        | 400,000        | 1,556,000        | 1,537,440                  | 18,560                 | 99%              |
| Employee costs                       | 1,212,000        | 168,000        | 1,380,000        | 1,038,000                  | 342,000                | 75%              |
| Board of Management Expenses         | 112,000          | -70,000        | 42,000           | 12,000                     | 30,000                 | 29%              |
| Repairs and maintenance              | 384,000          | -100,000       | 284,000          | 213,680                    | 70,320                 | 75%              |
| General expenses                     | 736,000.00       | 102,000        | 838,000          | 796,915                    | 41,085                 | 95%              |
| Transfer to Dispensaries             | 1,512,000        | -              | 1,512,000        | 1,260,000                  | 252,000                | 83%              |
| <b>Total expenses</b>                | <b>5,112,000</b> | <b>500,000</b> | <b>5,612,000</b> | <b>4,858,035</b>           | <b>753,965</b>         | <b>87%</b>       |
| <b>Surplus for the period</b>        | -                | -              | -                | <b>1,965</b>               | <b>-1,965</b>          | -                |

## **19. Notes to the Financial Statements**

### **1. General Information**

Kapkoros Sub- County Hospital is established by and derives its authority and accountability from Kenya Health Act 2017. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The Hospital's principal activity is provision of Health services in Bomet County

### **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 in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Hospital*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Adoption of New and Revised Standards**

#### ***i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024***

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

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

| <b>Standard</b>                                                                        | <b>Effective date and impact:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 43                                                                               | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44:<br>Non- Current<br>Assets Held<br>for Sale and<br>Discontinued<br>Operations | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>                                                                                             |
| IPSAS 45-<br>Property<br>Plant and<br>Equipment                                        | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the</p>                                                                                                                                                                                                                       |

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| Standard                          | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   | criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.                                                                                                                                                                                                                                                                                                                                                                              |
| IPSAS 46<br>Measurement           | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47-<br>Revenue              | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Hospital shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>                                                                                                                                                         |
| IPSAS 48-<br>Transfer<br>Expenses | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>                                                                                                                                                                                                                                                                                                                                                               |

**Kapkoros Level 3A Hospital (Bomet County Government)**  
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| Standard                                 | Effective date and impact:                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                          | for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.                                                                                                                                                                                                                                     |
| IPSAS 49-<br>Retirement<br>Benefit Plans | <i>Applicable 1<sup>st</sup> January 2026</i><br>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. |

**iii) Early adoption of standards**

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

#### **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 *Hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2023/2024 was approved by Board on *11<sup>th</sup> June 2023*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Hospital* recorded additional appropriations of *500,000* on the FY 2023/24 budget following the Board's approval. The *Hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section *18* of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

**Notes to the Financial Statements (Continued)**

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **10** years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

**Notes to the Financial Statements (Continued)**

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

**Notes to the Financial Statements (Continued)**

**h. Research and development costs**

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

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

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

**i. Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.*

A financial instrument is any contract that gives rise to a financial asset of one Hospital and a financial liability or equity instrument of another Hospital. At initial recognition, the Hospital measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

***Notes to the Financial Statements (Continued)***

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

**Notes to the Financial Statements (Continued)**

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The Hospital assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Hospital recognizes a loss allowance for such losses at each reporting date.

**Financial liabilities**

**Classification**

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

**Notes to the Financial Statements (Continued)**

**j. Inventories**

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

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

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

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

**k. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

The Hospital 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 Hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**o. Nature and purpose of reserves**

The Hospital creates and maintains reserves in terms of specific requirements.

**p. Changes in accounting policies and estimates**

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

**Notes to the Financial Statements (Continued)**

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

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

**s. Borrowing costs**

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

**t. Related parties**

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

**Notes to the Financial Statements (Continued)**

**u. Service concession arrangements**

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

**v. 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.

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

## **5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Hospital'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 Hospital 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 Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

| Description          | FY 2023/2024     | FY 2022/2023     |
|----------------------|------------------|------------------|
|                      | KShs             | KShs             |
| Unconditional grants | 4,860,000        | 5,412,000        |
| Level 4/5 grants     |                  |                  |
| <b>Totals</b>        | <b>4,860,000</b> | <b>5,412,000</b> |

**6 b Transfers from The County Government**

| Name of the Hospital sending the grant | Amount recognized to Statement of financial performance*<br>KShs | Amount deferred under deferred income<br>KShs | Amount recognised in capital fund. | Total grant income during the year | Comparative Period |
|----------------------------------------|------------------------------------------------------------------|-----------------------------------------------|------------------------------------|------------------------------------|--------------------|
|                                        |                                                                  |                                               | KShs                               | KShs                               | KShs               |
| Bomet County Government                | 4,860,000                                                        | -                                             |                                    | 4,860,000                          | 5,412,000          |
| <b>Total</b>                           | <b>4,860,000</b>                                                 | <b>-</b>                                      |                                    | <b>4,860,000</b>                   | <b>5,412,000</b>   |

**Notes to Financial Statements Continued**

**7. Medical/ Clinical Costs**

| Description                          | FY<br>2023/2024  | FY<br>2022/2023  |
|--------------------------------------|------------------|------------------|
|                                      | Kshs             | Kshs             |
| Dental costs/ materials              | 62,550           | 79,900           |
| Laboratory chemicals and reagents    | 212,750          | 231,190          |
| Food and Ration                      | 631,900          | 514,960          |
| Uniform, clothing, and linen         | 70,350           | 0                |
| Dressing and Non-Pharmaceuticals     | 312,850          | 578,370          |
| Pharmaceutical supplies              | 376,490          | 212,620          |
| Health information stationery        | 52,000           | 126,000          |
| Sanitary and cleansing Materials     | 21,890           | 18,830           |
| <b>Total medical/ clinical costs</b> | <b>1,740,780</b> | <b>1,761,870</b> |

*(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)*

**8. Employee Costs**

| Description                     | FY<br>2023/2024  | FY<br>2022/2023 |
|---------------------------------|------------------|-----------------|
|                                 | Kshs             | Kshs            |
| Salaries, wages, and allowances | 1,352,000        | 920,000         |
| <b>Employee costs</b>           | <b>1,352,000</b> | <b>920,000</b>  |

**9. Board of Management Expenses**

| Description       | FY<br>2023/2024 | FY<br>2022/2023 |
|-------------------|-----------------|-----------------|
|                   | Kshs            | Kshs            |
| Sitting allowance | 24,000          | 37,000          |
| <b>Total</b>      | <b>24,000</b>   | <b>37,000</b>   |

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**10. Repairs and Maintenance**

| Description                          | FY<br>2023/2024 | FY<br>2022/2023 |
|--------------------------------------|-----------------|-----------------|
|                                      | Kshs            | Kshs            |
| Maintenance of civil works           | 123,310         | 439,790         |
| Fencing and grass cutting            | 64,700          | -               |
| <b>Total repairs and maintenance</b> | <b>188,010</b>  | <b>439,790</b>  |

**11. General Expenses**

| Description                         | FY<br>2023/2024 | FY<br>2022/2023 |
|-------------------------------------|-----------------|-----------------|
|                                     | Kshs            | Kshs            |
| Catering expenses                   | 113,160         | 5,400           |
| Insecticides and rodenticides       | 4,100           | 3,100           |
| Bank charges                        | -               | 2,050           |
| Electricity expenses                | 140,000         | 97,000          |
| Fuel, Firewood and Cooking Gas      | 137,600         | 126,550         |
| Travel and accommodation allowance  | 212,700         | 138,420         |
| Printing and stationery             | 149,405         | 101,780         |
| Hire Charges                        | 10,600          | -               |
| Water and sewerage costs            | 5,000           | 15,000          |
| Telephone and mobile phone services | 13,000          | 14,500          |
| Sign Posts and Branding             | 109,700         | -               |
| <b>Total General Expenses</b>       | <b>895,265</b>  | <b>503,800</b>  |

**12. Transfer to Dispensaries**

| Description                           | FY<br>2023/2024  | FY<br>2022/2023   |
|---------------------------------------|------------------|-------------------|
|                                       | KShs             | KShs              |
| Transfer to Dispensaries              | 1,260,000        | 1,5200,000        |
| <b>Total Transfer to Dispensaries</b> | <b>1,260,000</b> | <b>1,5200,000</b> |

**Notes to the Financial Statements (Continued)**

**13. Cash And Cash Equivalents**

| Description                            | FY<br>2023/2024 | FY<br>2022/2023 |
|----------------------------------------|-----------------|-----------------|
|                                        | KShs            | KShs            |
| Current accounts                       | 1,349           | 439             |
| Cash in hand                           | 1,055           | -               |
| <b>Total cash and cash equivalents</b> | <b>2,404</b>    | <b>439</b>      |

**13 (a). Detailed Analysis of Cash and Cash Equivalents**

| Description               |                   | FY<br>2023/2024 | FY<br>2022/2023 |
|---------------------------|-------------------|-----------------|-----------------|
| Financial institution     | Account<br>number | KShs            | KShs            |
| <b>a) Current account</b> |                   |                 |                 |
| Cooperative Bank of Kenya |                   | 1,349           | 439             |
| <b>Sub- total</b>         |                   | <b>1,349</b>    | <b>439</b>      |
| <b>b) Others</b>          |                   |                 |                 |
| cash in hand              |                   | 1,055           | -               |
| <b>Sub- total</b>         |                   | <b>1,055</b>    | <b>-</b>        |
|                           |                   |                 |                 |
| <b>Grand total</b>        |                   | <b>2,404</b>    | <b>439</b>      |

**14. Receivables From Non-Exchange Transactions**

| Description                          | FY<br>2023/2024  | FY<br>2022/2023  |
|--------------------------------------|------------------|------------------|
|                                      | KShs             | KShs             |
| Transfers from the County Government | 2,000,000        | 1,628,000        |
| <b>Total</b>                         | <b>2,000,000</b> | <b>1,628,000</b> |

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

**Notes to the Financial Statements (Continued)**

**Analysis of Receivables From Non-Exchange Transactions**

| Description        | FY 2023/2024     |                | FY 2022/2023   |                |
|--------------------|------------------|----------------|----------------|----------------|
|                    | Kshs             |                | Kshs           |                |
|                    | Current FY       | % of the total | Comparative FY | % of the total |
| Less than 1 year   | 1,400,000        | 33%            | -              | %              |
| Between 1- 2 years | 600,000          | 17%            | 0              | %              |
| <b>Total (a+b)</b> | <b>2,000,000</b> | <b>25%</b>     | <b>0</b>       | <b>%</b>       |

**15. Inventories**

| Description                 | FY 2023/2024   | FY 2022/2023   |
|-----------------------------|----------------|----------------|
|                             | KShs           | KShs           |
| Pharmaceutical supplies     | 341,300        | 492,766        |
| Food supplies               | 2,940          | 18,565         |
| Cleaning materials supplies | -              | 6,100          |
| Non pharmaceuticals         | 218,521        | -              |
| <b>Total</b>                | <b>562,761</b> | <b>517,431</b> |

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**Notes to the Financial Statements (Continued)**

**16. Trade and other Payables**

| Description                           | FY 2023/2024          |                           | Restated<br>FY<br>2022/2023 | FY 2022/2023          |                               |
|---------------------------------------|-----------------------|---------------------------|-----------------------------|-----------------------|-------------------------------|
|                                       | KShs                  |                           |                             | KShs                  |                               |
| Trade payables                        | 503,350               |                           | 215,330                     | 215,330               |                               |
| Employee dues                         | 516,000               |                           | 202,000                     | 303,000               |                               |
| <b>Total trade and other payables</b> | <b>1,019,350</b>      |                           | <b>417,330</b>              | <b>518,330</b>        |                               |
| <b>Ageing analysis:</b>               | <b>Current<br/>FY</b> | <b>% of the<br/>Total</b> |                             | <b>Current<br/>FY</b> | <b>% of<br/>the<br/>Total</b> |
| Under one year                        | 1,019,350             | 100%                      |                             |                       |                               |
| 1-2 years                             | -                     | -                         |                             |                       |                               |
| <b>Total</b>                          | <b>1,019,350</b>      | <b>100%</b>               |                             |                       |                               |

- i) *\*Employees costs for FY 2022/23 of kshs 303,000 that were mistated and has been restated to Kshs. 202,000*

**17. Cash Generated from Operations**

| Description                                    | FY 2023/2024 | Insert<br>Comparative<br>FY |
|------------------------------------------------|--------------|-----------------------------|
|                                                | KShs         | KShs                        |
| Surplus for the year before tax                | (600,055)    | 237,540                     |
| <b>Adjusted for:</b>                           |              |                             |
| Depreciation                                   | -            | -                           |
| Non-cash grants received                       | (-)          | (-)                         |
| Gains and losses on disposal of assets         | (-)          | (-)                         |
| <b>Working Capital adjustments</b>             |              |                             |
| Decrease/Increase in inventory                 | -            | (283,828)                   |
| Increase in receivables                        | -            | -                           |
| Increase in payables                           | 602,020      | 77,040                      |
| <b>Net cash flow from operating activities</b> | <b>1,965</b> | <b>30,752</b>               |

**Notes to the Financial Statements (Continued)**

**18. Financial Risk Management**

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

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

**(i) Credit risk**

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

| Description                                 | Total amount     | Fully performing | Past due | Impaired |
|---------------------------------------------|------------------|------------------|----------|----------|
|                                             | Kshs             | Kshs             | Kshs     | Kshs     |
| <b>At 30 June 2023 (previous year)</b>      |                  |                  |          |          |
| Receivables from –non-exchange transactions | -                | -                | -        | -        |
| Bank balances                               | 439              | 439              | -        | -        |
| <b>Total</b>                                | <b>439</b>       | <b>439</b>       | -        | -        |
| <b>At 30 June 2024 (current year)</b>       |                  |                  |          |          |
| Receivables from –non-exchange transactions | 2,000,000        | 700,000          | -        | -        |
| Bank balances                               | 1,349            | 1,349            | -        | -        |
| <b>Total</b>                                | <b>2,001,349</b> | <b>8,349</b>     | -        | -        |

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**Notes to the Financial Statements (Continued)**

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

**(ii) Liquidity risk management**

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

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

| Description                 | Less than 1 month | Between 1-3 months | Over 5 months  | Total            |
|-----------------------------|-------------------|--------------------|----------------|------------------|
|                             | Kshs              | Kshs               | Kshs           | Kshs             |
| <b>At 30 June 2023</b>      |                   |                    |                |                  |
| Trade payables              | -                 | 417,040            | -              | 417,040          |
| Employee benefit obligation | -                 | 202,000            | -              | 202,000          |
| <b>Total</b>                | -                 | <b>619,040</b>     | -              | <b>619,040</b>   |
| <b>At 30 June 2024</b>      |                   |                    |                |                  |
| Trade payables              |                   | 442,000            | 61,350         | 503,350          |
| Employee benefit obligation | -                 | 258,000            | 258,000        | 516,000          |
| <b>Total</b>                | -                 | <b>700,000</b>     | <b>258,000</b> | <b>1,019,350</b> |

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the Hospital 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 Hospital's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital'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 Hospital's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

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

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

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

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**Notes to the Financial Statements (Continued)**

| Description                                   | KShs | Other currencies | Total |
|-----------------------------------------------|------|------------------|-------|
|                                               | Kshs |                  | Kshs  |
| <b>At 30 June 2024</b>                        |      |                  |       |
| Financial assets (investments, cash, debtors) | -    | -                | -     |
| Liabilities                                   | -    | -                | -     |
| Trade and other payables                      | -    | -                | -     |
| Net foreign currency asset/(liability)        | -    | -                | -     |

**Foreign currency sensitivity analysis**

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

| Description                 | Change in<br>currency rate | Effect on Profit<br>before tax | Effect on<br>equity |
|-----------------------------|----------------------------|--------------------------------|---------------------|
|                             | Kshs                       | Kshs                           | Kshs                |
| <b>2023 (previous year)</b> |                            |                                |                     |
| Euro                        | 10%                        | -                              | -                   |
| USD                         | 10%                        | -                              | -                   |
| <b>2024 (current year)</b>  |                            |                                |                     |
| Euro                        | 10%                        | -                              | -                   |
| USD                         | 10%                        | -                              | -                   |

**b) Interest rate risk**

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

**Kapkoros Level 3A Hospital (Bomet County Government)**  
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**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

The Hospital 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.

**iv) Capital Risk Management**

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

| Description                                           | Current Period | Comparative Period |
|-------------------------------------------------------|----------------|--------------------|
|                                                       | Kshs           | Kshs               |
| Capital reserve                                       | -              | -                  |
| <b>Total funds</b>                                    | -              | -                  |
|                                                       |                |                    |
| Less: cash and bank balances                          | (2,404)        | (439)              |
| Net debt/ ( <i>excess cash and cash equivalents</i> ) | 2,404          | 439                |
| <b>Gearing</b>                                        | <b>100%</b>    | <b>100%</b>        |

**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**Notes to the Financial Statements (Continued)**

**19. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the Hospital 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.

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

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

| Description                              | FY 2023/2024     | FY 2022/2023     |
|------------------------------------------|------------------|------------------|
|                                          | Kshs             | Kshs             |
| <b>Transactions with related parties</b> |                  |                  |
|                                          |                  |                  |
| <b>a) Grants from the Government</b>     |                  |                  |
| Grants from County Government            | 4,860,000        | 5,412,000        |
| Donations in kind (KEMSA)                | 4,880,646        | -                |
| <b>Total</b>                             | <b>9,740,646</b> | <b>5,412,000</b> |
| <b>b) Key management compensation</b>    |                  |                  |
| BOM allowance                            | 24,000           | 37,000           |
| <b>Total</b>                             | <b>24,000</b>    | <b>37,000</b>    |

**20. Segment Information**

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

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**21. Contingent Liabilities**

| Contingent liabilities                  | FY 2023/2024 | FY 2022/2023 |
|-----------------------------------------|--------------|--------------|
|                                         | Kshs         | Kshs         |
| Court case against the hospital         | -            | -            |
| Bank guarantees in favour of subsidiary | -            | -            |
| <b>Total</b>                            | -            | -            |

**22. Capital Commitments**

| Capital Commitments           | FY 2023/2024 | FY 2022/2023 |
|-------------------------------|--------------|--------------|
|                               | Kshs         | Kshs         |
| Authorised For                | -            | -            |
| Authorised And Contracted For | -            | -            |
| <b>Total</b>                  | -            | -            |

**23. Events after the Reporting Period**

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

**24. Ultimate and Holding Hospital**

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

**25. Currency**

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

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**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

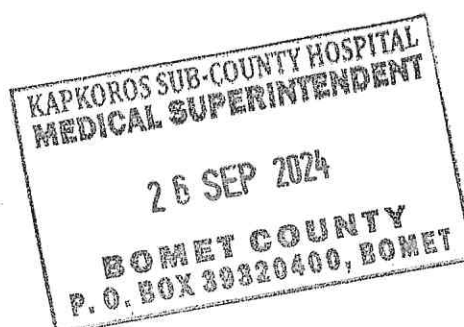
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

**Guidance Notes:**

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

.....  
**Accounting Officer**



**Kapkoros Level 3A Hospital (Bomet County Government)**  
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**Appendix II: Projects Implemented by The Hospital**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

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**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring Hospital/Entity      County Government of Bomet  
 Name of Beneficiary Hospital      Kapkoros Level 3A

Confirmation of amounts received by Kapkoros Level 3A Hospital as at 30<sup>th</sup> June 2024

| Reference Number | Date Disbursed | Recurrent (A)    | Development (B) | Total<br>(C)=(A+B) | Remarks |
|------------------|----------------|------------------|-----------------|--------------------|---------|
| FT23236Z8852     | 24-Aug-23      | 1,628,000.00     | -               | 1,628,000.00       |         |
| FT24003HZP50     | 3-Jan-24       | 952,000.00       | -               | 952,000.00         |         |
| FT23265GCBWC     | 22-Sep-23      | 852,000.00       | -               | 852,000.00         |         |
| FT24004529B0     | 4-Jan-24       | 476,000.00       | -               | 476,000.00         |         |
| FT240595KX9V     | 28-Feb-24      | 476,000.00       | -               | 476,000.00         |         |
| FT241626SQKL     | 10-Jun-24      | 476,000.00       | -               | 476,000.00         |         |
| <b>Total</b>     |                | <b>4,860,000</b> | <b>-</b>        | <b>4,860,000</b>   |         |

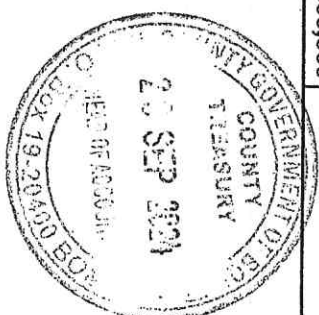
I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name Bernard Kosgei Sign [Signature] Date 26/09/2024

Head of Accounts Department - Beneficiary Hospital:

Name Ken Ngũgĩ Sign [Signature] Date 26/09/24



**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Name of Transferring Hospital      Kapkoros Level 3A Hospital  
 Name of Beneficiary Hospital      Mogindo dispensary

| Confirmation of amounts received by Mogindo Dispensary as at 30 <sup>th</sup> June 2024 |                |                |                 |                    |         |
|-----------------------------------------------------------------------------------------|----------------|----------------|-----------------|--------------------|---------|
| Reference Number                                                                        | Date Disbursed | Recurrent (A)  | Development (B) | Total<br>(C)=(A+B) | Remarks |
| CHQ NO:000678                                                                           | 29/08/2023     | 126,000        | -               | 126,000            |         |
| CHQ NO:000685                                                                           | 18/09/2023     | 84,000         | -               | 84,000             |         |
| CHQ NO:000710                                                                           | 04/01/2024     | 126,000        | -               | 126,000            |         |
| CHQ NO: 000720                                                                          | 29/02/2024     | 42,000         | -               | 42,000             |         |
| CHQ NO:000723                                                                           | 14/06/2024     | 42,000         | -               | 42,000             |         |
| <b>Total</b>                                                                            |                | <b>420,000</b> | <b>-</b>        | <b>420,000</b>     |         |

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

Head of Accounts Department - Disbursing Hospital:

Name K. R. N. N. N. N. Sign [Signature] Date 26/09/24

Head of Accounts Department - Beneficiary Hospital:

Name SCD KASITICHI Sign [Signature] Date 26/09/24



**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Name of Transferring Hospital      Kapkoros Level 3A Hospital  
 Name of Beneficiary Hospital      Teganda dispensary

| Statement of amounts received by Teganda Dispensary for the year ended June 2024 |                |                |                 |                    |         |
|----------------------------------------------------------------------------------|----------------|----------------|-----------------|--------------------|---------|
| Reference Number                                                                 | Date Disbursed | Recurrent (A)  | Development (B) | Total<br>(C)=(A+B) | Remarks |
| CHQ NO:000677                                                                    | 29/08/2023     | 126,000        | -               | 126,000            |         |
| CHQ NO:000687                                                                    | 18/09/2023     | 84,000         | -               | 84,000             |         |
| CHQ NO:000709                                                                    | 04/01/2024     | 126,000        | -               | 126,000            |         |
| CHQ NO:000719                                                                    | 29/02/2024     | 42,000         | -               | 42,000             |         |
| CHQ NO:000724                                                                    | 14/06/2024     | 42,000         | -               | 42,000             |         |
| <b>Total</b>                                                                     |                | <b>420,000</b> | <b>-</b>        | <b>420,000</b>     |         |

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

Head of Accounts Department - Disbursing Hospital:

Name Esther Ngari Sign [Signature] Date 26/9/24

Head of Accounts Department - Beneficiary Hospital:

Name Cheroti Caroline Sign [Signature] Date 26/9/24

**TEGANDA DISPENSARY**  
 P.O. BOX 8-SILIBWET  
 Date: 26/9/24 Sign: [Signature]

**Kapkoros Level 3A Hospital (Bomet County Government)**  
**Annual Report and Financial Statements for The Year Ended 30th June 2024**

Name of Transferring Hospital      Kapkoros Level 3A Hospital  
 Name of Beneficiary Hospital      Sonokwek Dispensary

| Confirmation of amounts received by Sonokwek Dispensary as at 30th June 2024 |                |                |                 |                    |         |
|------------------------------------------------------------------------------|----------------|----------------|-----------------|--------------------|---------|
| Reference Number                                                             | Date Disbursed | Recurrent (A)  | Development (B) | Total<br>(C)=(A+B) | Remarks |
| CHQ NO:000679                                                                | 29/08/2023     | 126,000        | -               | 126,000            |         |
| CHQ NO:000687                                                                | 18/09/2023     | 84,000         | -               | 84,000             |         |
| CHQ NO:000711                                                                | 04/01/2024     | 126,000        | -               | 126,000            |         |
| CHQ NO:000721                                                                | 29/02/2024     | 42,000         | -               | 42,000             |         |
| CHQ NO:000725                                                                | 14/06/2024     | 42,000         | -               | 42,000             |         |
| <b>Total</b>                                                                 |                | <b>420,000</b> | <b>-</b>        | <b>420,000</b>     |         |

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

Head of Accounts Department - Disbursing Hospital:  Date: 26/9/24

Name: David N. Njoroge Sign ..... Date: .....

Head of Accounts Department - Beneficiary Hospital:  Date: 26/9/24

Name: Kiriel Bena Sign ..... Date: .....

SONOKWEK DISPENSARY  
 P.O.Box 331 - 20400, BOMET  
 Date: 26/9/2024



**XX Hospital (XX County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 20xx**

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**Appendix V: Disaster Expenditure Reporting Template**

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