

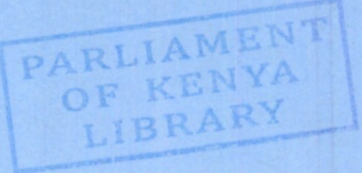
REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT
OF
THE AUDITOR-GENERAL
ON
KENYATTA NATIONAL HOSPITAL
FOR THE YEAR ENDED
30 JUNE, 2025

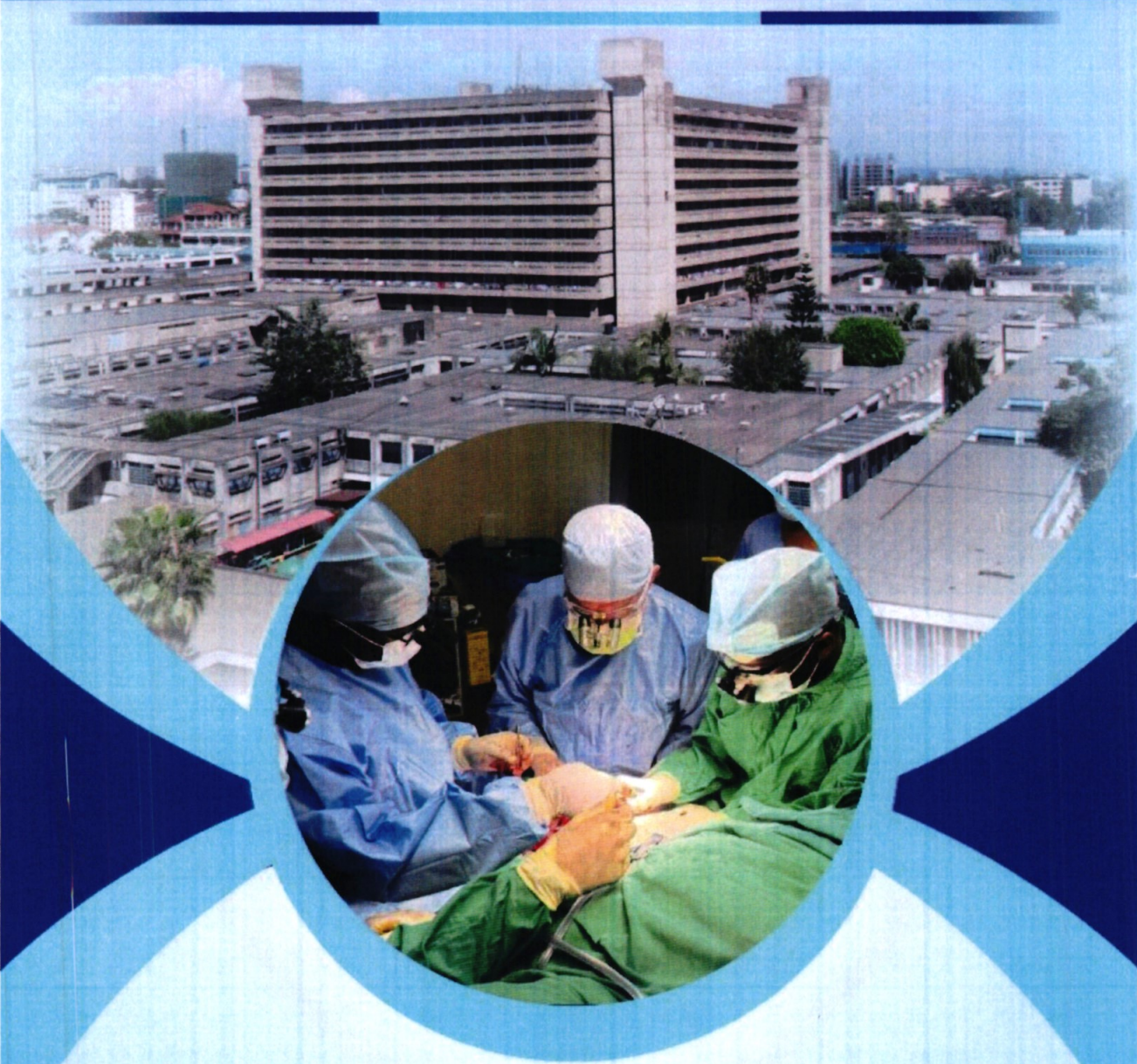
 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY: WEDNESDAY
TABLED BY:	LEADER OF MAJORITY PARTY (Hon. KIMANI ICHUNGWATHI)
CLERK-AT THE TABLE:	J. LEMERELLE

16 DEC 2025

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KENYATTA NATIONAL HOSPITAL
ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2025



We listen, we care

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

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1. Acronyms and Definition of Key Terms

a) Acronyms

A&E	Accident & Emergency
ABC	Air Pollutant Exposures and Brain Development in Children study
ACS	American Cancer Society
ACTIV	A phase 3, multicentre, randomised, double-blind, 24-week study of the clinical and antiviral effect of S-217622 compared with placebo in non-hospitalised participants with COVID-19 study
AGYW	Adherence among Adolescent Girls and Young Women in Kenya study
AIA	Appropriation in Aid
AID	Affiliation and Institutional Development
AI NEO	Leveraging interactive SMS messaging to monitor and support maternal health in Kenya study
ALOS	Average Length of Stay
AMR	Anti-Microbial Resistance
AMREF	African Medical & Research Foundation study
BADEA	Banque Arabe pour le Developement Economies in Afrique
BoM	Board of Management
Bubble CPAP	Feasibility of implementing VAYU Bubble CPAP device for respiratory support among neonates study
CAJ	Commission on Administrative Justice
CBS	Chief of the Order of Burning Spear
CCU	Critical Care Unit
CEO	Chief Executive Officer
CFAR	University of Washington/Fred Hutch Centre for AIDS Research
CHRP	Certified Human Resource Practitioner
CHV-NEO	CHV-NEO: Community-based digital communication to support neonatal health study
CONNECT	County Ownership and Networks to maintain the Nairobi Epidemic Control
CPA	Certified Public Accountant
CS	Certified Secretary
CTC	Cancer Treatment Centre
DC	Defined Contribution
DMU	Debt Management Unit
DRIP ASSIST	Evaluation of an Infusion Monitoring Device as a Cost-Effective Way to Increase Safe Access to Oxytocin and Magnesium Sulfate study
EBS	Elder of the Burning Spear
ELEWA	Causes and risk factors for death in HIV-positive adolescents and youth in Kenya study

EMC	Executive Management Committee
ENT	Ear, Nose, and Throat
ERP	Enterprise Resource Planning
Fertility Intentions	FP Measurement Improvement using a Digital Counselling Tool Study
FHH	Friends of Hope Hostel
FP Plus	Integrating PrEP delivery in family planning clinics in Kenya Study
FY	Financial Year
Genova RCT	Novation-1: A randomised, Double-Blind, placebo-controlled, Phase III study to evaluate the safety and Efficacy of Aerosolised Nivaferon + SOC vs. Placebo + SOC in hospitalised adult Patients with moderate to severe COVID-19 study
GIRL	High-yield HIV testing facilitated linkage to care and prevention for female youth in a Kenyan study
GoK	Government of Kenya
HAIs	Hospital Acquired Infections
HACCAP	Hazard Analysis & Critical Control Point
HDU	High Dependency Unit
HIV AECI	Evaluation of HIV Testing and care in African Emergency Care for the injured Study
HIV Cascade	Improving the HIV Care Cascade in Kenya through implementation Science study
HIV-TB EMORY	The role of antibodies in infants in a TB prevention study
HIV-TB	Effect of HIV exposure and infection on immunity to TB in children study
HCV-TX	Optimising Hepatitis C Virus Treatment for Kenyan people who inject drugs to achieve micro-elimination study
HMIS	Health Management Information System
HOD	Head of Department
HOPE-Kenya	HIV/cervical cancer control and Prevention clinical site in Kenya study
IAD	Internal Audit Department
IAEA	The International Atomic Energy Agency Fellowship
ICPAK	Institute of Public Accountants of Kenya
ICPS	Institute of Certified Public Secretaries
ICS	Institute of Company Secretaries
ICT	Information Communication Technology
ICU	Intensive Care Unit
IHRM	Institute of Human Resources
INTEGRATE	Integrating prevention and treatment of non-communicable diseases and HIV care through research training in Kenya study
IPPD	Integrated Payroll and Personnel Database
IPSAS	International Public Sector Accounting Standards
ISO	International Standards Organisation

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JKUAT	Jomo Kenyatta University of Agriculture and Technology
KCV HIV	Chronic Inflammation and Early Risk of Atherosclerosis among HIV infected study Adults in Kenya
KEMRI	Kenya Medical Research Institute
KIM	Kenya Institute of Management
KMTC	Kenya Medical Training College
KNH	Kenyatta National Hospital
KNH HEU	Population Evaluation and Screening Strategies Hope Study
KHSPIV	KNH Strategic Plan Four
KPCC	KNH Prime Care Centre
KPI	Key Performance Indicators
KRA	Kenya Revenue Authority
KURA	Kenya Urban Roads Authority
LAI	Acceptability of Sustained-Release Antiretrovirals for Treatment Study
MDR-TB	MultiDrug Resistant Tuberculosis
MIIA	Evaluating Peer-mediated assisted partner services among people who inject drugs in Kenya: Delivery cost and budget impact study
MITIPS	Mycobacterium Tuberculosis Infections in HIV study
MICROBIOTA	Impact of Periconceptual Vaginal Microbiota on Women's Risk of Preterm Birth study
MKH	Mwai Kibaki Hospital
MMAP	Development of Global Good for Measurement and Programme Study
MoH	Ministry of Health
MOPC	Medical Outpatient Clinic
MOU	Memorandum of Understanding
Mpact	Health Strategies for the Paediatric to Adult HIV Transition study
MWACH Empower	Mobile solutions to empower reproductive life planning for women living with HIV Study
Mwach Neo	Mobile Watch Neo: Communication Empowering Mothers and Newborns study
Mwach PrEP	An SMS-based support Intervention to enhance PrEP adherence during pregnancy and breastfeeding Study
NACC	National AIDS Control Council
NBK	National Bank of Kenya
NBTS	National Blood Transfusion Services
NCDs	Non-Communicable Diseases
NQCL	National Quality Control Laboratory
NHIF	National Hospital Insurance Fund
NLC	National Land Commission

NPEP	Non-Invasive Pharmacokinetic Evaluation of PrEP Adherence among study participants
NPHLS	National Public Health Laboratories Services
NSSF	National Social Security Fund
NT	National Treasury
OGW	Order of Golden Warrior
OED	Operation Ear Drop
OPEC	Organisation of Petroleum Exporting Countries
OPI	Operation Performance Index
OSHE	Occupational Safety & Health Act
PAS	Performance Appraisal System
PEU	Paediatric Emergency Unit
PFM	Public Finance Management
PIC	Public Investment Committee
PIMA	Understanding current Nairobi viral load monitoring systems, identifying and addressing potential gaps in implementation and establishing a city-county-level collaborative network to identify program-level indicators for viral load monitoring study
PPP	Public-Private Partnership
PrIMA DTG	Drug, microbiome, and immune determinants of birth and neurodevelopmental outcomes in children with exposure to HIV infection study
SCAC	State Corporations Advisory Committee
SEKU	South Eastern Kenya University
SPU	Sterile Preparation Unit
SRC	Salaries Regulation Commission
STIs'	Sexually Transmitted Infections
PRIMA	Pre-Exposure Prophylaxis Implementation for Mothers in Antenatal Care study
PRIMA Ancillary	Biological mechanisms for altered neurodevelopment in infants exposed to antiretrovirals in utero and during breastfeeding study
PRIMA X	Evaluating Infant PrEP Exposure during Pregnancy and Breastfeeding Study
SHARP	Integrating Assisted Partner Services & Phylogenetics for HIV and HCV Prevention study
SUMMIT	Evaluation of an Infusion Monitoring Device as a Cost-Effective Way to Increase Safe Access to Oxytocin and Magnesium Sulfate study
TES-NES EFFICACY	Clinical Evaluation of Nestorone Gel for Male Contraceptive Study
TIMIZA	Understudying the roles of schools in supporting HIV treatment outcomes among HIV-infected adolescents' study
UHC	Universal Health Care

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UNITID	University of Nairobi Institute of Tropical & Infectious Diseases
UON	University of Nairobi
VAT	Value Added Tax
VCT	Voluntary Counselling & Testing
VVF	Vaginal-Vesical Fistula
WIBA	Work Injury Benefits Act
WARMA	Water Resources Authority
ZINGATIA	Optimising HIV care for non-adherent adolescents enrolled in a care study

b) Definition of Key Terms

Comparative Year	The previous reporting or financial period used for comparison
Corporate Governance	The system of rules and processes for directing and controlling an organisation
Expenditure returns	Reports showing how funds were spent
Fiduciary Management	Oversight of financial resources by trusted management members
Financial statements	Records showing an organisation's financial performance and position
Financial Year	A 12-month period for financial reporting
Legal Notice	An official directive with legal effect
Strategic Plan	A roadmap outlining goals and actions over time
Healthcare Planning	Organising resources to meet health needs
Referral Guidelines	Rules for directing patients to higher care levels
Critical Care Nursing	Nursing care for critically ill patients
Patient-Centred Care	Care that respects and responds to patient needs

2. Key Hospital Information and Management

a) Background Information

Kenyatta National Hospital, domiciled in Nairobi, Kenya, was established as a State Corporation in 1987 through Legal Notice No. 109 of 6th April 1987, as amended by the KNH Amendment Order of 2021.

KNH Operates Mwai Kibaki Hospital, formerly referred to as KNH-Othaya, as a satellite hospital since 30th October 2019, when it was handed over to the KNH Board of Management. The facilities mandate is derived from the KNH Board Order of 1987.

b) Principal Hospital Activities

The Hospital Mandate is;

- i. To receive patients on referral from other hospitals or institutions within or outside Kenya for specialised health care.
- ii. To provide facilities for medical education for the University of Nairobi and research, either directly or through other cooperating health institutions.
- iii. To provide facilities for education and training in nursing and other health and allied institutions.
- iv. To participate in national health planning as a nationally referred hospital.

High-Level Strategic Elements

Vision: A world-class, patient-centred, specialized care Hospital.

Mission: To optimise patient experience through innovative, evidence-based specialised healthcare; facilitate training and research; and participate in national health policy formulation.

Strategic Destination: A multi-specialised centre of excellence offering services that meet international certification Standards

Core Values: Professionalism and integrity, Teamwork and team spirit, Customer focus, Security and safety, Transparency and accountability, Equity and Equality

c) Key Management

Kenyatta National Hospital day day-to-day management is under the key organs outlined below:

Table 1: Hospital Management Key Organs

No.	Designation	Name
1	Board of Management - Chairman	Dr. Samier Muravvej
2	Board of Management - Member	Mr. Mark Gakuru
3	Board of Management - Member	Mr. Michael Alfred Kagika
4	Board of Management - Member	Dr. Isaac Mwangi Kimani
5	Board of Management - Member	Ms Catherine Kathure
6	Board of Management - Member	Mr Thomas Cheruiyot
7	Board of Management - Member	Dr. Joseph W. Mutunga
8	Board of Management - Member	Prof. George Osanjo
9	Chief Executive Officer	Dr. Evanson N. Kamuri CBS, EBS
10	Ag. Senior Director, Clinical Services	Dr. William Sigilai, OGW
11	Senior Director, Corporate Services	Mr. Job Makanga, OGW
12	Senior Director, KNH Prime Care Centre	Dr. John Ngigi, OGW
13	Ag. Senior Director, Mwai Kibaki Hospital	Dr. Peter Muiruri
14	Director, Supply Chain Management	Mrs. Rose Njoroge, OGW
15	Ag. Director, Nursing Services	Ms. Raheli Mukhwana
16	Director, Surgical Services	Dr. Kennedy Ondede, OGW
17	Director, Diagnostics Services & Health Information	Dr. Rose Nyabanda
18	Director, Pharmaceutical Services	Dr. Alfred Birichi
19	Ag. Director, Affiliation, & Institutional Development	Mr. Kennedy Mbogo
20	Ag. Director, Medical Services	Dr. Catherine Nyongesa
21	Director, Facilities, & Services	Eng. Richard Binga
22	Director, Human Resource Management	CHRP Winnie Mwangi, OGW
23	Director, Finance	CPA Michael Kihuga
24	Director, Health Care Quality	Dr. Lydia Okutoyi, OGW
25	Director, Internal Audit	CPA Erick Otieno Omondi
26	Director, Planning & Strategy	Mr. Vincent Chagara
27	Director, Training, Research & Innovation	Dr. John Kinuthia
28	Corporation Secretary & Director Legal Services	CS Calvin Nyachoti
29	Chief Manager, Marketing & Communication	Mr. Dave Opiyo

d) Fiduciary Management

The key management personnel who held office during the financial year ended June 30 2025, and who had direct fiduciary responsibility were:

Table 2: Fiduciary Management

No.	Designation	Name
1.	Chief Executive Officer	Dr. Evanson N. Kamuri CBS, EBS
2.	Ag. Senior Director, Clinical Services	Dr. William Sigilai, OGW
3.	Senior Director, Corporate Services	Mr. Job Makanga, OGW
4.	Senior Director, KNH Prime Care Centre	Dr. John Ngigi, OGW

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No.	Designation	Name
5.	Ag. Senior Director, Mwai Kibaki Hospital	Dr. Peter Muiruri
6.	Director, Supply Chain Management	Mrs. Rose Njoroge, OGW
7.	Ag. Director, Nursing Services	Ms. Raheli Mukhwana
8.	Director, Surgical Services	Dr. Kennedy Ondede, OGW
9.	Director, Diagnostics Services & Health Information	Dr. Rose Nyabanda
10.	Director, Pharmaceutical Services	Dr. Alfred Birichi
11.	Ag. Director, Affiliation, & Institutional Development	Mr. Kennedy Mbogo
12.	Ag. Director, Medical Services	Dr. Catherine Nyongesa
13.	Director, Facilities, & Services	Eng. Richard Binga
14.	Director, Human Resource Management	CHRP Winnie Mwangi, OGW
15.	Director, Finance	CPA Michael Kihuga
16.	Director, Health Care Quality	Dr. Lydia Okutoyi, OGW
17.	Director, Internal Audit	CPA Erick Otieno Omondi
18.	Director, Planning & Strategy	Mr. Vincent Chagara
19.	Director, Training, Research & Innovation	Dr. John Kinuthia
20.	Corporation Secretary & Director Legal Services	CS Calvin Nyachoti
21.	Chief Manager, Marketing & Communication	Mr. Dave Opiyo

e) Fiduciary Oversight Arrangements

The overall oversight responsibilities of the Hospital rest with the Board of Directors, which has four standing committees as outlined;

- i) Clinical Research and Standards Committee
- ii) Human Capital, Finance and Administration Committee
- iii) Corporate Strategy and Enterprise Committee
- iv) Risk and Audit Committee

f) Other Hospital Key Information

i) KNH Address

Kenyatta National Hospital

P. O. Box 20723 – 00202,
Hospital Road, off Ngong Road,
Nairobi, Kenya.

ii) KNH Contacts

Tel: +254 20 2726300,
+254 20 2726550,
+2540730643000, +2540709854000,
Fax: +254 20 2725272,
Email: knhadmin@knh.or.ke,
Website: www.knh.or.ke

iii) KNH Bankers

National Bank of Kenya Limited
Hospital Branch,
P. O. Box 30763 – 00100,
Nairobi, Kenya.

Kenya Commercial Bank Limited,
Moi Avenue Branch,
P. O. Box 30081 – 00100,
Nairobi, Kenya.

Equity Bank Limited,
Equity Centre Branch,
P.O. Box 75104–00200,
Nairobi, Kenya

iv) Independent Auditors

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

v) Principal Legal Advisor

The Attorney General, State law office,
Harambee Avenue,
P. O. Box 40112 – 00200,
Nairobi, Kenya.

3. The Board of Management



DR. SAMIER M. MURAVVEJ

Chairman of the Board of Management

Dr. Samier Muravvej is the Chairman of the Kenyatta National Hospital (KNH) Board of Management. A seasoned healthcare leader, Dr. Muravvej is recognized for his strong strategic thinking, proven track record in investment delivery across public and private sectors, and deep expertise in healthcare, technology, and development projects.

Dr. Muravvej is the Founder and Chief Executive Officer of Livia Health, a Mombasa-based health-tech enterprise; the Chairman and CEO of PharmaKen Ltd, a leading pharmaceutical company; and the Owner and Principal of The Smile Centre Dental Clinic, a private dental practice in Mombasa.

He has also served in public healthcare, including a tenure at Coast General Provincial Hospital, giving him a solid grounding in clinical practice and public service.

He holds a Master's degree in Implant Prosthetics, a Bachelor of Dental Surgery, and is a Fellow in Dental Surgery. He is also a Member of the International Congress of Oral Implantologists.



DR. EVANSON N. KAMURI, CBS, EBS

Chief Executive Officer

Dr. Evanson Kamuri, is the Chief Executive Officer of Kenyatta National Hospital, a position he has held since 15th October 2019.

Dr. Kamuri has served in Hospital for more than 20 years having joined in 1998. Prior to his appointment, he was the Director in charge the KNH Prime Care Centre. He also has served as the Director in charge of Affiliation and Institutional Development. Professionally, He is a Chief Medical Specialist in the field Dermatology and Venerology. He is also the President, African Society of Dermatology and Venereology and the Chairman of the Kenya Association of Dermatologists.

He holds a Master of Science in Clinical Dermatology, Masters in Business Administration (Strategic Management), and Bachelor of Medicine and Surgery.

Dr. Kamuri's contributions to the health sector have been recognized through prestigious national honors, including the Elder of the Burning Spear (EBS), Chief of the Order of the Burning Spear (CBS), and the Presidential Order of Service – Uzalendo Award. The Uzalendo Award, in particular, was established to acknowledge individuals who have exhibited outstanding service, sacrifice, patriotism, heroism, and civic responsibility, especially during times of national crisis. Dr. Kamuri received this honor in recognition of his pivotal role in efforts to contain the spread of coronavirus in Kenya.



HON. CPA JOHN M. NG'ONGO, EGH

Cabinet Secretary, The National Treasury and Economic Planning

Hon. CPA John Mbadi is the Cabinet Secretary for the National Treasury and Economic Planning. He has an extensive public service career, having served as a nominated Member of Parliament, Chairperson of the Public Accounts Committee, and elected MP for Suba South, Suba, and Gwassi Constituencies. His past roles also include Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly.

Hon. Mbadi has served on several key parliamentary committees such as the Budget and Appropriations, Public Accounts, Defence and Foreign Relations, and House Business Committees. He was a member of the legislative taskforce that drafted the Public Finance Management Act, 2012.

A seasoned finance professional with 28 years of experience, he previously worked as an accountant at the University of Nairobi and chaired Medair East Africa. He holds a Bachelor of Commerce (Accounting) degree from the University of Nairobi and is a registered CPA with ICPAK. He is also affiliated with professional bodies including the Architectural Association of Kenya, the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi has received state honours including the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH).



MR. MICHAEL A. KAGIKA, EBS

Alternate Director, Representing the Cabinet Secretary, National Treasury

Mr. Michael Kagika serves as the Alternate Director representing the Cabinet Secretary, National Treasury. He is also the Pensions Secretary and Director of Pensions at the National Treasury, where he played a key role in the establishment of the Public Service Superannuation Scheme, which today boasts an asset value exceeding Kshs.40 billion.

Mr. Kagika brings over 30 years of experience in the public sector. His distinguished career includes service as District Commissioner; Chief Executive Officer of the Rent Tribunal; and Administrator in the Ministry of Public Works and Housing. He has also held roles at the highest levels of government, serving as Social Secretary and Administrator at both State House and the Cabinet Office, as well as Chief Executive Officer and Secretary to the Constitutional Power of Mercy Advisory Committee.

Mr. Kagika is a Certified Public Accountant and Certified Trustee. He holds a Master's and a Bachelor's degree in Public Administration, along with numerous diplomas and certifications in Management and Corporate Governance from both local and international institutions.

In recognition of his exemplary service to the nation, Mr. Kagika was awarded the Order of the Elder of the Burning Spear (EBS).



DR. OUMA OLUGA, OGW

Principal Secretary, Medical Services, Ministry of Health

Dr. Ouma Oluga is the Principal Secretary for the State Department for Medical Services in the Ministry of Health Kenya. As Principal Secretary, he is the Accounting and Authorized Officer overseeing the overall administration and financial management of the State Department for Medical Services.

He previously served as Senior Deputy Director, Medical Services, Director of Health Services in the Executive Office of the President, Nairobi Metropolitan Services, and served as the Secretary General & CEO of the Kenya Medical Practitioners and Dentists' Union.

He holds a Bachelor's degree in Medicine & Surgery, a Master's Degree in Internal Medicine, a Fellowship in Health Monitoring and Evaluation, and a Post-graduate Diploma in Infectious Diseases.

He participated in designing and implementing National Government policies on Universal Health Coverage, International Healthcare, pandemic response, and healthcare system management. He is a recipient of the Presidential Order of the Grand Warrior (OGW).



DR. ISAAC KIMANI

Alternate Director, Representing the Principal Secretary, Medical Services

Dr. Isaac Kimani serves as the Alternate Director representing the Principal Secretary, Medical Services. He is the Senior Deputy Director General responsible for the formulation of health policies, strengthening of health systems, and coordination of inter-ministerial and development partner collaborations.

With over 27 years of progressive leadership in the public health sector, Dr. Kimani is an experienced medical doctor and health systems administrator. He has held key positions including Hospital Administrator and Medical Superintendent in several Level 5 hospitals across Kenya, and has managed multiple high-impact national health projects.

He holds a Bachelor of Medicine and Bachelor of Surgery (MBChB) degree, and a Master's degree in Public Health (International Health Management).

Dr. Kimani has provided strategic leadership in a number of flagship health initiatives, including the World Bank-funded Better Health Systems for Universal Health Coverage (BREHS) Project; the DANIDA-supported Primary Healthcare Programme; the National Health Sector Digitization Project; and played a pivotal role in the implementation of the Managed Equipment Services (MES) initiative.



HON. DORCAS ODUOR, EBS, OGW, SC
Attorney General

Hon. Dorcas A. Oduor is the Attorney General of the Republic of Kenya. Prior to her appointment, Hon. Oduor was the Secretary, Public Prosecutions and the Principal Deputy to the Director of Public Prosecutions. She also headed the Economic, International and Emerging Crimes Department.

A distinguished Prosecution Counsel, Hon. Oduor is an advocate of the High Court of Kenya with over 30 years of experience in the State Law Office and the Office of the Director of Public Prosecutions. Throughout her career, she has participated in various Presidential assignments, including commissions of inquiry, task forces, and tribunals established to investigate the conduct of judges.

She holds a Bachelor of Laws (LL.B) degree, a Postgraduate Diploma in Law, and a Master of Arts in International Conflict Management.

Hon. Oduor is a Member of the Judicial Service Commission and the Law Society of Kenya. She has been conferred the rank and dignity of Senior Counsel.



MR. MARK GAKURU, HSC
Alternate Director, Representing the Attorney General

Mr. Mark Gakuru, HSC serves as the Alternate Director representing the Attorney General. He currently heads the Government Insolvency Division, where he provides legal advisory services on matters insolvency to Government Ministries, Departments, and State Corporations.

With over 20 years of extensive legal and administrative experience across both the private and public sectors, Mr. Gakuru has spent the majority of his career at the State Law Office. He has previously served as Deputy Chief State Counsel in the Office of the Attorney General, Refugee Consultant with the United Nations High Commissioner for Refugees (UNHCR), and as a Legal Assistant and practicing Advocate of the High Court at Gichachi & Co. Advocates and R.K. Muthiga Advocates.

Mr. Gakuru holds a Master of Laws (LL.M) and a Bachelor of Laws (LL.B) degree from the University of Nairobi. He is a recipient of the Head of State's Commendation (HSC), a prestigious presidential honour.



MS. CATHERINE KATHURE
Independent Board Member

Ms. Catherine Kathure is an independent Board Member who brings a wealth of experience in project management, monitoring and evaluation, and training and capacity building.

She currently serves as the Managing Director of Homelink Mabati Factory, a position she has held since 2018. Her previous roles include serving as an Associate Project Leader at Africa Turn Around Ltd Practical Action, Project Leader for Renewable Energy at the Netherlands Development Organization, and Associate Consultant with Smart Edge Solutions under the Upper Tana Natural Resources Management Project.

She holds a Master's degree in Development Studies (Community Development) and a Bachelor of Education degree in Mathematics and Chemistry.



MR. THOMAS KIPKOSKEI CHERUIYOT
Independent Board Member

Mr. Thomas Cheruiyot is an independent Board Member who brings a wealth of experience in the energy and logistics sectors.

He has served as the Managing Director of Waiyat Logistics Kenya Ltd since 2008 and previously spent 17 years at the Kenya Power and Lighting Company.

He holds a Bachelor's degree in Business Management, specializing in Marketing, and a Diploma in Electrical Engineering with a focus on Power.



DR. JOSEPH WAFULA MUTUNGA
Independent Board Member

Dr. Joseph Wafula is an independent Board Member with extensive expertise in quality assurance and governance.

He serves as the Director of Adenchem Stores Ltd since 2011 and previously held key positions including Regional Manager at Murphy Chemicals EA Limited and Manager at Faiz Pharmacy/Schifachem Limited. With over 20 years of experience in animal health, Dr. Wafula has built a distinguished career in the pharmaceutical sector.

He holds a Bachelor's degree in Veterinary Medicine.



PROF. GEORGE OSANJO
Dean of Medicine, College of Health Sciences

Prof. George Osanjo is Dean of the College of Health Sciences at the University of Nairobi. He is also an Associate Professor in the Department of Pharmacology and Pharmacognosy at the University and the coordinator of the Master of Science in Molecular Pharmacology programme.

Prof. Osanjo has contributed as a technical expert on various national and intergovernmental committees focused on enhancing medicine safety and public health. He has led numerous projects and partnerships aimed at building institutional capacity within higher education.

As a Trustee of the Universities' Academic Staff Union (UASU), he championed efforts to improve the working environment for academic staff in Kenya and beyond, while also advocating for quality higher education.

He holds a Ph.D. in Pharmacology, Master of Science in Molecular Pharmacology, Bachelor of Pharmacy, Diploma in Law, and a Certificate in Health Law and Policy Research. He is also a postdoctoral fellow.



FCS CALVIN NYACHOTI

Corporation Secretary & Director, Legal Services

FCS Calvin Nyachoti is the Corporation Secretary and Director Legal Services. He is an accomplished Advocate of the High Court with over 18 years of legal practice, and is also a Certified Secretary, seasoned Arbitrator, Mediator, and Trainer.

He is affiliated with several professional organizations, including the Chartered Institute of Arbitrators (CI Arb), the Institute of Certified Public Secretaries of Kenya (ICPSK), the Law Society of Kenya (LSK), the East Africa Law Society (EALS), the International Law Association (ILA), and the UK Institute of Management of Information Systems (IMIS). He is a registered Environmental Impact Assessment and Audit Expert.

He holds a Master of Business Administration (Strategic Management), a Master's degree in Law (International Environmental Law), a Bachelor of Laws degree, a Postgraduate Diploma in Law, and has undertaken various professional trainings in governance, team development, and retirement benefits, among others.

4. Key Management Team



DR. EVANSON N. KAMURI, CBS, EBS
Chief Executive Officer

Qualifications

- PhD ongoing (Leadership & Strategy) (JKUAT)
- Master of Science Degree in Medicine Dermatology (University of London)
- MBA, Strategic Management (UoN)
- Bachelor of Medicine and Surgery (MBChB) (UoN)

Appointment

- 2019

Experience

- A Chief Medical Specialist in the field of Dermatology and Venerology with more than 20 years of experience
- Joined KNH in 1998 as a Medical Officer
- Served as the Director in charge of the KNH Prime Care Centre and also Deputy Director in charge of Affiliation and Institutional Development

Membership

- The current President of the African Society of Dermatology and Venereology
- Chairman of the Kenya Association of Dermatologists

Awards

- EBS- June 1, 2020
- Uzalendo Award (2020) for his contribution to efforts to contain the spread of coronavirus in the country

Responsibilities

- Providing strategic leadership; drawing and execution of plans for implementation of the Hospital's mandate and overall implementation of the Board's decisions.

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WILLIAM KIPRONO SIGILAI, OGW
Ag. Senior Director,
Clinical Services

Qualifications

Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
Master of Medicine (MMed) (Internal Medicine) (UoN)

Appointment
2020

Experience

Senior Medical Specialist with 22 years of experience in Diabetes and Endocrinology
Providing care to diabetes patients over the years

Membership

Chairman of;

1. The KNH Medicines and Therapeutics Committee
2. Kenya Association of Physicians, and Kenya Diabetes Study Group

Awards

Employee of the year, 2006 Kenyatta National Hospital.

Responsibilities

His main responsibilities include formulating, implementing, and reviewing health policies, regulations, standards, guidelines, and protocols providing clinical care, general/community diagnosis, and treatment as well as rehabilitation of patients. He is also charged with undertaking medical examinations, conducting disease prevention, surveillance, and control, and providing emergency response and clinical care services during disasters.



MR. JOB MAKANGA, OGW
Senior Director, Corporate Services

Qualifications

- PhD ongoing (Strategic Management) (UoN)
- MBA, Strategic Management (UoN)
- BSc., Hospitality and Institutional Management (Maseno University)
- Certified Balance Score Card Master Professional
- Project Management Specialist (University of Washington, USA)
- Certified monitoring and evaluation professional (Kenya Institute of Management)
- Trainer of Trainers in Change Management (Africa Institute of Management)
- Certified policy analyst (Strathmore University)

Appointment

- 2022

Experience

- More than 17 years of work experience in the private and public sectors.
- Previously served as the Director Planning & Strategy from 2015 to 2022.

Membership

- Kenya Institute Planners,
- Kenya Institute of Management
- Institute of Economic Affairs (IEA)
- Institute of Internal Auditors (Global)
- The Association for Strategic Planning (Global)
- Balanced Scorecard Institute (BSI)

Awards

- OGW-December 17, 2021

Responsibilities

- Providing administrative support, ensuring effective execution of Hospital mandate, ensuring optimal utilization of resources, and providing overall leadership to Finance, Facilities & Services, Planning & Strategy, Human Resources, Administration, Marketing & Communication, and Security & Safety functions in the Hospital.



DR. JOHN NGIGI, OGW
Senior Director,
KNH Prime Care Centre

Qualifications

- MBA in Health Care Management (Strathmore University)
- Master of Science in Medicine- Internal Medicine (UoN)
- Master of Surgery (UoN)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)

Appointment

- 2019

Experience

- More than 24 years of experience as a medical practitioner
- A senior medical specialist in Nephrology
- Head of the Renal department at Kenyatta National Hospital

Membership

- Fellow, the International Society of Nephrology (ISN) (University of Stellenbosch)
- Fellow, Tygerberg Academic Hospital (Cape Town)
- Pioneer student in MBA (Healthcare Management) (Strathmore Business School)
- Member, ASN
- ISN fellowship committee
- Various boards of companies and societies

Responsibilities

- Providing strategic leadership at the KPCC in a direction aligned to the Hospital vision; setting up prudent clinical governance; leading a well-sourced team to ensure good performance management.

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DR. PETER MUIURI

Ag. Senior Director – Mwai Kibaki Hospital

Qualifications

Masters of Tropical Health (University of Queensland, Australia)

Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)

Appointment

2020

Experience

A Senior Medical Specialist with more than 20 years of experience in managing HIV/AIDS, Tuberculosis & other infectious diseases

The former Head of Comprehensive Care Centre at Kenyatta National Hospital

Project Director of the KNH-CDC-supported UoN Centre of Excellence in HIV Medicine (COEHM)

Membership

Fellow, HIV Disease Research at Harvard University

Pioneer scholar of advanced training in HIV Management and Treatment, New York University (NYU)

National ART Technical Working Group, HIV Drug Resistance, Mentorship TWG

KNH-UoN Ethics Review Committee

Responsibilities

He oversees the implementation of the strategy and operational decisions of the directorate and is responsible for ensuring the Hospital meets its statutory obligations.



CS CALVIN MOGUTE NYACHOTI

Corporation Secretary & Director for Legal Services

Qualifications

- MBA, Strategic Management (Daystar University)
- Master's degree in law (International Environmental Law) (University of Nottingham)
- Bachelor of Laws Degree (LL. B) (Moi University)
- Postgraduate Diploma in Law (Kenya School of Law)
- Various studies in governance, team skills, and retirement benefits amongst others

Appointment

- 2013

Experience

- More than 10 years of experience as an Advocate of the High Court
- Certified Corporate Secretary
- Practicing Arbitrator/Mediator and Trainer

Membership

- Chartered Institute of Arbitrators (CI Arb.)
- Institute of Certified Public Secretaries of Kenya (ICPSK)
- Law Society of Kenya (LSK)
- East Africa Law Society (EALS)
- International Law Association (ILA)
- UK Institute of Management of Information Systems (IMIS)
- Registered Environmental Impact Assessment/Audit Expert

Responsibilities

- Providing secretarial services to the Board of Management; providing in-house legal advisory services; handling corporate governance arrangements; provision of dispute resolution services; participating in the formulation and review of legal policies and procedures amongst others.



MRS. ROSE NJOROGE, OGW

Director, Supply Chain Management

Qualifications

- PhD ongoing in Leadership & Governance (JKUAT)
- MBA, Strategic Management (KEMU)
- BSc General Supplies (Egerton University)
- Diploma & Graduate Diploma in Purchasing and Supplies (CIPS – UK) foundation stage
- Certificate in Corporate Governance (Centre for Corporate Governance)
- Certificate in Strategic Leadership Development Program (SLDP) (KSG)
- Performance Measure Process (PuMPR) Certification (Stacey Barr Pty)

Appointment

- 2020

Experience

- More than 20 years of result-oriented experience in Strategic Supply Chain Management gained across organizations in the Private Sector and Non-Governmental Organizations.

Membership

- Chartered Institute of Supplies Management (MCIPS)
- Licensed member of the Kenya Institute of Supplies Management (MKISM)

Awards

- OGW-July 8, 2022

Responsibilities

- Facilitating the procurement of goods works, and services, inventory management, and disposal per the requirements of the law.

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MS. RAHELI MUKHWANA
Ag. Director Nursing Services

Qualifications

PHD (Ongoing) in Global Health, Liverpool School of Tropical Medicine UK.
BSc, Nursing (UEAB)
Master's in Public Health (MPH) Reproductive Health (Kenyatta University)
Diploma in Sexual Reproductive Health and Rights (Lund University Sweden)

Appointment

Ag. Director Nursing Services in 2021.

Experience

More than 24 years of experience in Nursing and Midwifery working at Kenyatta National Hospital.

Participated in;

National guidelines and policy formulation; The Saving Mothers Lives, Confidential Enquiry into Maternal Deaths in Kenya, Review of the National Guidelines for Quality Obstetrics and Perinatal Care, Development of Maternal Neonatal and Child Health Essential Equipment List, and Emergency Obstetric and Newborn Care Training package.
Researcher with several publications in peer-reviewed journals.

Memberships

Treasurer, Africa Midwives Research Network Kenya Chapter (AMRN)
Member, Midwives Association of Kenya (MAK)
Member, National Nurses Association of Kenya (NNAK)

Responsibilities

Formulation, review, and interpretation of KNH health care policies relating to nursing services; ensuring compliance to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.



MR. VINCENT CHAGARA
Director, Planning & Strategy

Qualifications

- MBA (Strategic Management) (UON)
- BSc (Applied Statistics with Computing) (Kabianga)

Appointment

- 2023

Experience

- More than 10 years of experience in Mathematics, applied statistics, strategic
- Planning, performance management, applied research, quality management,
- Polarity management, systems management, monitoring and evaluation.
- Previously worked as Chief Manager, Strategy and Performance Management
- Membership
- Balance Scorecard Institute (BSI)
- Kenya Institute of Management (KIM)
- Fellowship International Society for Quality in Healthcare (FiSQUA)

Responsibilities

- Responsible for providing technical guidance on formulation and implementation of strategies & policies; performance management; establishment of monitoring and evaluation systems; corporate budgeting; development of quality improvement initiatives; risk management co-ordination; and institutionalization of information communication technology for process improvement.



DR. KENNEDY ONDEDE, OGW
Director, Surgical Services

Qualifications

- Master of Medicine in General Surgery (MMED) (UON)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
- Dip Laparoscopy (DELHI)
- Cert. Endoscopy (CAIRO CTC)
- Cert. Liver Transplant (DELHI)

Appointment

- 2020

Experience

- More than 18 years of experience as a Medical Specialist
- Consultant General Surgeon and has been the head of Theaters for three years before his appointment as Director, Surgical Services

Membership

- International Hepatobiliopancreatic Association, Europe
- African Hepatobiliopancreatic Association
- Surgical Society of Kenya
- Gastro Society of Kenya
- World Association for Laparoscopic Surgeons

Responsibilities

- Management of Surgical Services, overseeing the planning, scheduling, and coordination of surgical care, and promoting research, innovation, and technology transfer in the provision of surgical services in the Hospital.

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DR. CATHERINE NALIKA NYONGESA- WATTA
Ag. Director Medical Services

Qualifications:

MBChB (Bachelor of Medicine & Surgery), The University of Nairobi, Kenya
MMed (Radiation Oncology), The University of Witwatersrand, South Africa
Fellowship in Radiation Oncology, College of Radiation Oncologists of South Africa (2005)

Professional Experience:

Director of Medical Services, Kenyatta National Hospital (Current)
Head, Cancer Treatment Center, Kenyatta National Hospital
Program Leader, ACS Patient Navigation Program at Kenyatta National Hospital
Regional Project Coordinator, IAEA (International Atomic Energy Agency.) Project (AFRA-RAF/6/055)
Honorary Lecturer, University of Nairobi

Appointment
2024

Key Achievements:

Over 20 years of experience in clinical and radiation oncology
Kenya's first female radiation oncologist
Actively involved in various cancer awareness and screening programs

Professional Affiliations:

Fellow, College of Radiation Oncologists of South Africa (FCROSA)
Member, American Society of Clinical Oncology (ASCO)
Member, European Society for Radiotherapy and Oncology (ESTRO)
Member, Kenyan Society of Hematology and Oncology (KESHO)

Awards:

2023: IVLP (International Visitors Leadership Program) on Cancer Care, USA
2018: Finalist, EY (Ernst & Young Global Limited), East Africa Entrepreneur of the Year Award, Emerging Woman Category
2009: ASCO International Development Award (IDEA)
2007: Employment Excellence Award, Kenyatta National Hospital
MMED Dissertation awarded distinction by The University of Witwatersrand

Responsibilities:

Strategic Leadership: Provide direction for medical services, focusing on effective patient care.
Protocol Development: Lead the creation of evidence-based treatment protocols for comprehensive, patient-centered care.
Research Leadership: Drive research initiatives to advance patient care practices.
Professional Development: Promote continuous learning through training, workshops, and mentorship for the medical team.
Operational Management: Manage daily operations of medical services, ensuring smooth coordination



DR. ROSE NYABANDA
Director, Diagnostic Services & Health Information

Qualifications

- Master of Medicine in Radiology and Imaging (MMed. Rad) (UoN)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
- Certificate in Chest Radiology and Chest Interventional Radiology (The University of Manchester, UK)

Appointment
• 2020

Experience

- Chief Medical specialist in Radiology
- Spearheaded the AFROSAFE campaign in Africa on radiation protection and the safe use of ionizing radiation in medicine

Membership

- Fellowship CT/MRI (Massachusetts General Hospital, Harvard Medical School) USA
- Kenya Society of Radiology (KAR)
- Africa Society of Radiology (ASR)
- Kenya Medical Women Association (KMWA)
- KNH/UON Ethics and Research committee

Responsibilities

- Develop, implement and review policies, procedures, and strategies in Diagnostics Services and Health Information. Promote research, innovation, and technology transfer in the provision of Diagnostics Services and Health Information. Establish strategic partnerships, and collaborate with stakeholders in support of the development of Diagnostics services and Health Information as well as formulating professional standards and ethics governing medical practice.



DR. ALFRED BIRICHI
Director, Pharmaceutical Services

Qualifications

- Master of Pharmacy (M. Pharm) (Clinical Pharmacy) (UoN)
- Bachelor of Pharmacy (B. Pharm) (UoN)
- Post Graduate Diploma in Marketing Management (KIM)

Appointment
2019

Experience

- Joined KNH in 2005
- Management Representative (MR)
- Lead Auditor in Quality Management Systems (QMS)

Membership

- Former board member of the Pharmacy and Poison Board
- Member, Pharmaceutical Society of Kenya

Responsibilities

Coordinating pharmaceutical services; providing leadership and professional guidance on pharmaceutical policies, laws, regulations, standards, and guidelines; monitoring and evaluating pharmaceutical research, projects, and programs, and ensuring quality management systems are established and maintained.



MR. KENNEDY MBOGO
Ag. Director, Affiliations and Institutional Development

Qualifications

- Master of Arts Degree (MA), Project Planning and Management (UoN)
- Bachelor of Arts Degree (BA), Political Science (UoN)

Appointment

- Appointed Ag. Director, Affiliations and Institutional Development in 2021.

Experience

- Resource mobilization specialist with over 10 years of experience in the Public Sector and Non-Governmental Organizations (NGOs)
- Joined Kenyatta National Hospital in 2018

Membership

- Served as a Board Member for Men Engage Kenya Network (MENKEN)
- Served as Project Coordinator for the DREAMS Program at St. Johns Community Centre

Responsibilities

- Coordinating partnerships and resource mobilization for the Hospital in its endeavor to be self-sustainable. He is also charged with coordinating, planning, and implementing infrastructure development for the Hospital projects. He is also responsible for the execution of Universal Health Coverage (UHC) activities including medical outreach.



ENG. RICHARD BINGA
Director, Facilities, and Services

Qualifications

- Bachelor of Science (BSc.) Mechanical Engineering (UoN)
- Postgraduate Diploma in Project Planning and Management (UoN)
- Certified Measurement and Verifications Professional (CMVP) (Association of Energy Engineers)

Appointment

- 2013

Experience

- More than 20 years of experience in engineering.

Membership

- Registered Consulting Mechanical Engineer with the Engineers Board of Kenya
- Corporate member of the Institution of Engineers of Kenya (IEK)
- Association of Energy Engineers (AEE, USA)
- Class 'A' Licensed Energy Auditor by the Energy and Petroleum Regulatory Authority (EPRA)

Awards

- Energy Management Awards 2020
- Energy Management Awards 2021
- Energy Management Awards 2022

Responsibilities

- Reviewing and implementing maintenance & replacement policies for infrastructure, plant, and equipment ensuring safe and efficient operation and execution of infrastructure development projects.



CHRP WINNIE MWANGI, OGW
Director, Human Resource

Qualifications

- MBA in Human Resource Management (UoN)
- Postgraduate Diploma in Human Resource Management (Kenya Institute of Management [KIM])
- Bachelor of Education (B.Ed) (Science) (Egerton University)

Appointment
2020

Experience
More than sixteen (16) years of experience in Human Resource Management.

Membership
Institute of Human Resource Management and a Certified Human Resource Practitioner (CHRP).

Responsibilities
Her main responsibilities include formulating, implementing, and evaluating human resource management policies, strategies, guidelines, and procedures, providing guidance and support in all matters relating to human resources, managing human capital, handling staff welfare, employee and industrial relation matters establishing performance as well as develop and ensure implementation of remuneration compensation policies and strategies to attract, motivate and retain employees.



CPA MICHAEL KIHUGA
Director, Finance

Qualifications

- MBA (Finance) (Moi University)
- Bachelor of Education (B.Ed) (Economics and Mathematics) (Moi University)

Appointment
2020

Experience
• More than 20 years of experience in Finance.
• Worked in the Oserian Development Company as a Management Accountant
• Worked at Moi Teaching and Referral Hospital as a Chief Accountant

Membership
• Certified Public Accountant
• Certified Public Secretary

Responsibilities
• Organize and coordinate financial management functions; Ensure optimal utilization of financial resources, Ensure compliance with statutory requirements; Financial reporting to management and regulatory bodies.



DR. LYDIA OKUTOVI, OGW
Director, Health Care Quality

Qualifications

- Masters in Obstetrics and Gynecology (MMed) (UoN)
- Master's in public health (MPH) (University of Roehampton UK)
- Bachelor of Medicine and Bachelor of Surgery (MBchB) (UoN)
- Training in Safety, Quality, Informatics and Leadership (SQIL) (Harvard Medical School)
- Postgraduate Diploma in Hospital Management (Strathmore University)

Appointment
2018

Experience
• Senior medical Specialist with 17 years of experience in Obstetrics and Gynecology.

Membership
• Fellow, International Society of Health Care (FISQua)
• A Green belt in Lean Six Sigma

Responsibilities
• She provides an oversight role on the quality of care that patients receive at Kenyatta National Hospital. Her other roles include enhancing clinical governance, facilitating patient engagement in planning, implementation, and continuity of care, and participating in the Hospital and national health care quality and safety policy and strategic planning.

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CPA ERICK OMONDI OTIENO
Director, Internal Audit

Qualifications

- MBA (Corporate Management) (KCA)
- B.Com. (Accounting option) (KCA)

Appointment

- 2014

Experience

- More than 15 years of experience in auditing
- Previously worked with ICPAK as Head of Internal Audit

Membership

- Institute of Certified Public Accountants of Kenya (K)
- Institute of Internal Auditors, Kenya,
- Information Systems Audit and Control Association (ISACA)
- Association of Chartered Fraud Examiners as well as a member of the Institute of Certified Secretary of Kenya (ICS)

Responsibilities

- Strategy development and planning of the department, implementation of departmental and Hospital policies, review and approval of the risk matrix and how they are being managed, ensuring proper communication, and promoting team spirit in the department.



MR. DAVE OPIYO
Chief Manager, Marketing and Communication

Qualifications

- M.A, Digital Journalism (Graduate School of Media and Communications – Aga Khan University)
- B.A Com. and Media Technology (Maseno University)

Appointment

- 2020

Experience

- More than 15 years in Communication and Journalism
- Worked at Nation Media Group's Daily Nation Newspaper where he was assigned various roles; Assistant News Editor and Assignments Editor
- Was Regional Editor (Bureau Chief) Nation Media Group's Kisii, Kisumu, and Eldoret's regional offices

Membership

- Former fellow with the United Nations Framework Convention on Climate Change media group
- Editors Guild

Awards

- Kenya Open Data Awards, 2016.

Responsibilities

- Developing, reviewing, and implementing communications strategies to support the Hospital's objectives, developing and implementing corporate communications plans to enhance the visibility of the Hospital, managing the Hospital's corporate image, coordinating branding activities, media management as well as coordinating the marketing of Hospital services.



DR JOHN KINUTHIA
Director Training, Research and Innovation Centre

Qualifications

- Master of Medicine in Obstetrics and Gynaecology from the University of Nairobi.
- Master's in public health (Epidemiology International Health) and Graduate certificate in HIV and STIs from the University of Washington.
- Bachelor's in medicine and surgery

Appointment

- 2022

Experience

- Senior medical specialist with over 20 years experience in Obstetrics and Gynecology.

Membership

- Director of the Kenyatta National Hospital /University of Washington - Integrating prevention and treatment of non-communicable diseases and HIV care through research training in Kenya-INTEGRATE Program.
- Mentor for the Global Health Equity Scholars Program and Northern Pacific Global Health Fellowship program as well as coordinating implementation science training for various programs in Kenya.
- Member of the Kenyatta National Hospital- University of Nairobi Ethics and Research Committee.

Responsibilities

- Coordinating and facilitating training, research and innovation at the Hospital and participation in national health policy formulation.

5. Report of the Board Chairman

It is with profound pride and honour that I present the Chairman’s Statement for the 2024/2025 Annual Report of Kenyatta National Hospital (KNH). This report captures a year of remarkable medical milestones, operational resilience, and strategic transformation, achieved against a backdrop of economic constraints and healthcare system demands. As the nation’s premier referral and teaching hospital, KNH has remained unwavering in its commitment to clinical excellence, innovation, financial stewardship, and transformative leadership in the health sector.

Sustained Excellence in Clinical Care

The year under review was marked by exceptional clinical performance. KNH provided care to over 390,000 outpatients and admitted 65,000 inpatients. Our specialised outpatient clinics, especially in paediatrics, medicine, and surgery, experienced significant growth in attendance, underscoring the public’s confidence in our expertise. Diagnostic services recorded increased demand, with laboratory and imaging and radiological services expanded both in volume and scope. Our surgical capacity also improved substantially, bolstered by enhanced patient awareness, multidisciplinary collaboration, and the acquisition of new equipment. Of note was the rise in advanced surgical interventions, including heart surgeries, kidney transplants, and other life-saving procedures.

Historic Medical Breakthroughs

KNH continued to position itself at the forefront of medical innovation. We made global headlines by successfully performing the world’s first Transhumeral Targeted Sensory Reinnervation (TSR) surgery, restoring sensation to a patient’s amputated limb, a feat that has redefined the possibilities of neuroprosthetics. Additional pioneering milestones included the launch of Kenya’s first public menopause clinic; introduction of video-assisted thoracic surgery (VATS) and paediatric brachial plexus surgery; a 15-hour facial reconstructive surgery; and a non-surgical bronchoscopy that saved a child’s life. These landmark achievements cement KNH’s status as a regional hub of excellence and innovation in healthcare.

Transition of Mwai Kibaki Referral Hospital

A key institutional development during the year was the transition of Mwai Kibaki Hospital-KNH Othaya into a standalone State Corporation, now known as the Mwai Kibaki Referral Hospital (MKRH). In November 2024, a Board of Management was formally appointed, taking over governance and operational oversight from KNH. A transition plan, overseen by the Ministry of Health, is being implemented to support the full transfer of the hospital’s operations to MKRH Board in the FY 2025/26.

KNH takes great pride in having nurtured the facility from inception to operational maturity. Over the years, we established a strong clinical and administrative foundation that enabled the hospital to evolve into a responsive and dependable provider of specialised care. As MKRH embarks on a new chapter under independent leadership, we remain confident in its continued growth and look forward to sustained strategic collaboration in advancing Kenya’s decentralised healthcare agenda.

Research, Training, and Health Policy Influence

In reaffirming our role as a knowledge and research powerhouse, KNH made significant strides in training and policy engagement. The Hospital entered into a landmark partnership on diabetes care with *Life for a Child*, underscoring its commitment to addressing chronic illnesses among vulnerable populations. It also launched an Advanced Implementation Science Course in collaboration with the University of Nairobi and Emory University, aimed at strengthening evidence-based decision-making and health system implementation capacity. In addition, KNH submitted three strategic policy briefs to the Ministry of Health, focusing on long-acting HIV therapy, maternal health interventions, and improvements in clinical service delivery. The Hospital's webinars continued to attract international attention, serving as influential platforms for professional development, knowledge dissemination, and stakeholder engagement across the healthcare ecosystem.

Infrastructure and Capital Investments

Modernising hospital infrastructure remained a key strategic focus. Key capital projects included the renovation and upgrading of existing hospital facilities to enhance service delivery environments, along with the phased replacement of outdated medical equipment. Phase I of the Cancer Treatment Centre was completed and operationalised, while planning for Phase II is underway. Additional progress was made in the implementation of critical projects such as the Burns and Paediatric Emergency Centre; the IVF Centre of Excellence; and boiler system upgrades. Collectively, these investments are expected to greatly strengthen KNH's ability to deliver specialised, high-quality, patient-centred care.

Advancing Digital Transformation

KNH made notable strides in advancing its digital transformation agenda. The Hospital continued integrating the Laboratory Information Management System (LIMS) with the ERP platform to streamline operations. Digital health tools such as R-Hospital, Power BI, and PACS were scaled up to improve clinical and administrative efficiency. Several workflows were automated, enhancing turnaround times and accountability across departments. Surveillance infrastructure was installed to support service monitoring and improve patient safety. Furthermore, Business Process Reengineering was implemented in Radiology, Immunology, Biochemistry, and Orthopaedics, reinforcing KNH's commitment to smart, data-driven healthcare delivery.

Financial Performance and Health Financing

Despite impressive clinical and operational performance, KNH faced significant financial headwinds. The Hospital recorded a deficit of Kshs.2.72 billion, primarily driven by unfunded pension liabilities, indigent patient costs, and underfunded medical contracts. Further strain was caused by under-reimbursements from NHIF and the Social Health Authority, which fell short of actual treatment costs, while government grants were Kshs.3.5 billion below employee-related obligations.

Nonetheless, the Hospital demonstrated prudent financial management, generating Kshs.9.8 billion in revenue, attaining a 99% budget absorption rate, and procuring Kshs.3.595 billion worth of goods from local suppliers, contributing to national economic resilience.

Human Capital Development and Staff Wellness

At the core of our progress is our dedicated and skilled workforce. During the year under review, the Hospital made significant investments in human capital development, including the training of staff through continuous professional development initiatives. To enhance clinical specialisation, four new training curricula were

developed, reflecting our commitment to advancing medical expertise. In addition, a comprehensive staff wellness programme was implemented to support the physical, emotional, and professional wellbeing of our employees. We remain committed to a supportive and empowering work environment that recognises staff as our most valuable asset.

Environmental, Social, and Governance (ESG) Commitment

The Hospital maintained strong performance in ESG compliance. Environmentally, we reduced energy costs by 10% and water usage by 4%, while achieving 96.8% compliance in waste segregation. Our commitment to ethical operations was evident in the upholding of transparent marketing and procurement practices, as well as full resolution of all complaints submitted through the Commission on Administrative Justice. Patient rights and data privacy were safeguarded through strict adherence to informed consent protocols and redress mechanisms. These achievements reaffirm KNH's dedication to delivering healthcare in a manner that is ethical, sustainable, and socially responsible.

Partnerships and Philanthropic Support

We remain deeply grateful to our partners ranging from government agencies, development organisations, corporate donors, NGOs, and individual benefactors, whose support made it possible to acquire essential medical equipment, enhance patient comfort, and deliver holistic care. These partnerships continue to expand our reach and impact, especially in resource-constrained contexts.

Risk Management

KNH continued implementing a structured Enterprise Risk Management (ERM) framework. Our institutional risk index was recorded at 2.55%, indicating moderate risk. Key concerns included operational inefficiencies, financial gaps, clinical vulnerabilities, and cyber threats. In response, we enhanced internal audits, intensified disaster preparedness, and promoted systems integration to strengthen institutional resilience.

Future Outlook

As we look to the future, we do so with confidence in our vision and the collective strength of our people. Despite the challenges, KNH remains firmly anchored in its mission to deliver quality, accessible, and specialised care in line with global standards. We are committed to deepening our investments in clinical excellence, digital health, staff capacity, research, and partnerships, while upholding our values of excellence, compassion, integrity, and accountability.

On behalf of the Board of Management, I extend my appreciation to the Ministry of Health, our partners, our staff, and the people of Kenya. Together, we reaffirm our collective commitment to transforming lives through healthcare.



Dr. Abbas Gullet, MBS, OGW
CHAIRMAN BOARD OF MANAGEMENT

6. Report of the Chief Executive Officer

It is with deep gratitude and pride that I present the 2024/2025 Annual Report of Kenyatta National Hospital. This report is more than a summary of numbers and milestones; it's a reflection of the resilience, dedication, and compassion that define who we are as a hospital. The report further highlights, in detail, the operational and financial performance of the Hospital in line with its strategic priorities as set out in the revised Hospital Strategic Plan 2023-2028.

Indeed, over the past year, our teams have worked tirelessly to care for thousands of patients who walk through our doors every day. In moments of crisis, in quiet recoveries, and breakthrough procedures, KNH continues to be a place of healing, hope, and humanity for every Kenyan.

A year of firsts

At the heart of everything we do is the patient. From emergency trauma care to complex surgeries, our mission is always clear, to restore health and dignity. This year, we marked several major clinical milestones, which underscored our importance as a global leader in healthcare. For instance, we made global history by performing the world's first Transhumeral Targeted Sensory Reinnervation (TSR) surgery on a 22-year-old patient, who lost his arm to compartment syndrome, by rerouting nerves from his amputated arm to nearby skin, allowing him to feel sensation in his phantom hand for the first time since amputation.

We also performed Kenya's first Transbronchial Lung Cryobiopsy (TBLC) in a public facility on a 64-year-old patient, enabling a fast and accurate diagnosis, the country's first Paediatric Brachial Plexus surgery, Kenya's first keyhole heart surgery in public facility, the first minimally invasive lung surgery and equally launched Kenya's first public Menopause Clinic amongst other milestones. This is indeed a proud moment, not only for us as a hospital, but also for the country.

Specialised Healthcare Services

Kenyatta National Hospital continues to be the leading health facility in the provision of specialised healthcare services. This financial year, the Hospital carried out 9,419 minimally invasive surgeries. It also conducted 22 kidney implants as well as provided a range of other renal services totalling 16,136 procedures, some of which include Continuous Renal Replacement Therapy, Tissue Typing, Venesection, Haemodialysis, Dialysis Catheter procedures, as well as renal biopsy. We also witnessed an increase in the number of heart surgeries, which doubled from 614 in the previous year to 1,045 this year. We also conducted a total of 37,318 other specialised surgeries.

I can also proudly report that we introduced new services, including Bariatric surgery and thermal ablation in our surgical healthcare program. Additionally, the Hospital introduced Neonatal maintenance fluids, which are produced within the Hospital. Relevant protocols have been developed to guide the offering of these services. We also launched the country's first public Menopause Clinic, a landmark move in advancing women's health. These achievements, alongside others, have been extensively discussed in detail in this report. We take pride in our achievements during the year.

Infrastructure and Technology innovations

The hospital continues to scale the implementation and adoption of digital healthcare solutions in its operations. To this end, we have embarked on a massive journey of improving our ICT technologies and infrastructure to respond to the current market demands. We have, for instance, undertaken technology and innovations transfer through targeted initiatives including automation of processes via R-Hospital, ERP, LIMS, PACS, Power BI and installation of security cameras for enhanced surveillance.

Health Financing

Significant strides in health financing have been made by the hospital through the adoption of the Social Health Authority (SHA) program. SHA represents a major shift towards sustainable, equitable healthcare by enabling more Kenyans to access quality medical services without financial hardship.

At KNH, the uptake of SHA has steadily increased, with more patients now able to receive essential treatments across various departments. The program not only eases the burden of out-of-pocket payments but also enhances the hospital's ability to plan, deliver, and expand services. The benefits are evident, reduced financial strain on families, improved patient outcomes, and a more resilient health system overall.

Our People, Our Strength

None of our achievements would be possible without the people who make KNH what it is; the doctors, nurses, technicians, cleaners, administrators, and everyone in between. This year, we've placed strong emphasis on supporting our staff: recruiting where there are gaps, providing training opportunities, and improving working conditions. We've encouraged our teams to innovate, to speak up, and to lead from where they are. We've also focused on staff wellness, because caring for others begins with caring for ourselves.

I want to especially acknowledge the countless quiet sacrifices made by our frontline staff. Whether during long night shifts or emergencies, they continue to show extraordinary commitment to every patient.

Stronger Systems, Better Governance

We've made deliberate efforts this year to strengthen how we operate. With support from the Board, we've aligned our priorities with our strategic plan and ensured that our systems are transparent and accountable. We've enhanced our internal monitoring, ensured compliance with public finance laws, and built stronger oversight across departments. These efforts are not just about meeting regulations; they're about doing the right thing, consistently, even when no one is watching.

Talking With — Not Just To — the Public

As a national hospital, we know the importance of clear, honest communication. We've continued to use our platforms; from social media to health campaigns, to educate, inform, and engage the public. Whether it's about early cancer detection, maternal health, or mental wellness, our focus has been on providing credible, timely, and helpful information. We've been especially mindful to ensure our messaging is respectful, inclusive, and based on science. And when we share stories of our patients, we do so with care, ensuring their privacy, consent, and dignity are always upheld. Because every patient is more than a case; they are a person, with a story that matters.

As a teaching and research hospital, we continue to play a critical role in shaping Kenya's health professionals. Every year, hundreds of medical, nursing, pharmacy, and allied health students pass through our doors. We take this responsibility seriously, offering hands-on learning, mentorship, and exposure to real-world challenges. Our researchers are also hard at work studying new treatments, improving care protocols, and helping shape national health policies. We're proud to be part of the engine driving innovation in Kenyan healthcare.

Partnerships That Power Progress

No institution can go it alone. We are deeply grateful to all our partners; the Ministry of Health, universities, development agencies, NGOs, private sector players, and the public for the trust and collaboration. Thanks to these partnerships, we've been able to acquire vital equipment, train more staff, expand services, and reach more people. We look forward to deepening these relationships even further in the coming year.

Facing Challenges, Finding Strength

Like many public hospitals, we faced our fair share of challenges; high patient volumes, limited resources, ageing infrastructure, and emerging health threats. But through it all, we've adapted, improvised, and leaned on each other. We've kept our doors open. We've kept our lights on. And most importantly, we've kept hope alive for the thousands who count on us.

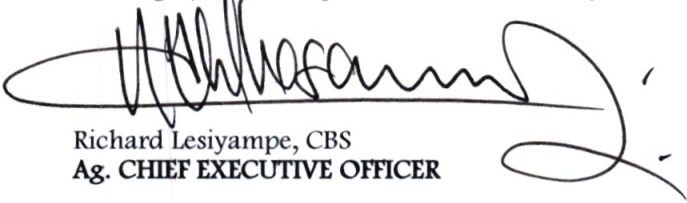
Every challenge has brought with it a lesson about leadership, about resilience, about the power of community. And those lessons are helping shape a stronger KNH.

Looking Ahead

As we look to the future, our vision remains bold and clear. We want to build a KNH that is not only the best in Kenya, but one that matches global standards in care, research, and training. We will continue to invest in technology, skills development, and data-driven management to better serve our patients. Most of all, we will stay true to our values: compassion, integrity, professionalism, and excellence.

A Word of Thanks

To every KNH staff member, thank you. You are the heartbeat of this hospital. Your service, even in the face of immense pressure, does not go unnoticed. To our Board, we thank you for your wise counsel and oversight. To our partners, thank you for walking with us. And to the people of Kenya, thank you for your trust. We are honoured to serve you, and we remain deeply committed to your health and well-being. Kenyatta National Hospital is more than a building. It is a symbol of care, hope, and resilience. Together, let us continue to build a stronger, more compassionate healthcare system for today, and for generations to come.



Richard Lesiyampe, CBS
Ag. CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives FY 2024/25

Kenya National Hospital has three Strategic Pillars and objectives within its fifth Strategic Plan, KNH-SPV (2023-2027). These pillars are: -

i) **Operational Excellence:** Offering Seamless, effective and timely delivery of service & efficient utilisation of resources. Under this pillar, the hospital attained the following:

- Finalised renovation of level 8
- Begun Renovation of Level 7
- Integration of LIMS with ERP system Ongoing
- Acquired and operationalised additional surgical specialised equipment
- Implementation of the Admissions, Transfer and Discharge policy is ongoing
- Undertook BPR for Radiology imaging process, laboratory processes (Histology, immunology, Biochemistry) and orthopaedics (elective list surgeries in theatres).
- The average specialised clinic booking time is 12.15
- The availability of essential pharmaceutical supplies is at 94.5%
- The average completion rate for the projects is 88.3%.
- A total of 1,785 staff members have been trained on various courses comprising 77 long courses and 1,688 short courses

ii) **Excellence in Clinical Outcomes:** Resulting in improved quality of health care.

Under this pillar, the hospital attained the following:

- Developed 3 Policy briefs and conducted 14 research studies
- Established research, training & innovation garage
- Launched the first menopause clinic in the country
- Recertification audit ISO Compliance
- Theatre cut time of 9:01
- Theatre Utilisation at 85.85%
- Average Length of stay of 10.2 Days
- Expanded 2 specialised services during the period: i) Orthopaedic - a total of twenty-three (23) arthroscopy surgeries conducted, ii) Neurosurgery-ventricular surgery for hydrocephalus, endoscopic third ventriculostomy surgery
- automation of processes through the E-hospital and ERP, LIMS, PACS, installation of security cameras,
- Minimally invasive surgeries 9,419
- Training curricula for 4 courses developed
- introduced one (1) new pharmaceutical product - Neonatal maintenance fluids
- Conducted a heart surgery camp where 10 patients were operated on.

iii) **Business Growth:** Resulting in Financial Sustainability. Under this pillar, the hospital attained the following:

- Procurement of Ksh. 3.595 billion goods from local suppliers

- 99% budget absorption rate
- 123% of the resource mobilised against the target
- Revenue generated (AIA) 9.8 billion
- Bed Occupancy stood at 95.68%

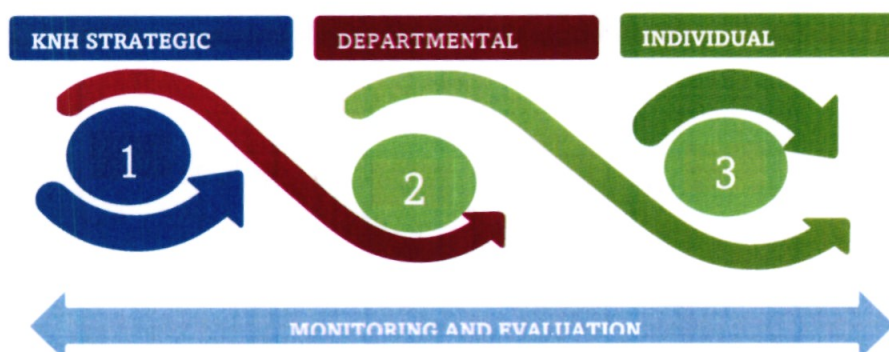
KNH develops the annual work plan based on the above three pillars. Assessment of the Board's Performance against its annual work plan is done every quarter. The Hospital achieved its performance targets set for the FY-2024/25 on its strategic pillars as detailed.

Board Performance Contract

This is a formal agreement between the Hospital's board of Directors and the Government of Kenya through the Ministry of Health. This contract details performance targets, strategic objectives and deliverables that the board commits to achieving within a fiscal year in line with its corporate strategic plan. This is geared towards enhancing accountability, driving efficiency and ensuring that the hospital's governance aligns with its mandate towards service delivery. The negotiated targets are cascaded to the hospital's functional areas for targeted implementation.

Cascading of Performance Contracts

The hospital implements a three-tier cascading framework aimed at the definite implementation of its strategic and operational plans. Annual workplans established inform the development of the board and functional performance contracts for structured implementation over a fiscal year. The targets are again funnelled into the individual appraisal targets, thus assigning responsibilities for collective implementation and realisation of the set targets.



Board Performance composite score

This is an aggregated rating that reflects the performance contract (PC) scoping the financial stewardship, service delivery core mandate and cross-cutting criterion for performance contract evaluation. The score is derived as a sum of weighted scores for the indicators listed in the performance contract. This is rated on a scale ranging from 1.00 (excellent) to 5.00 (Poor). The Board PC composite score negatively deviated from the previous score, as illustrated in the figure below.

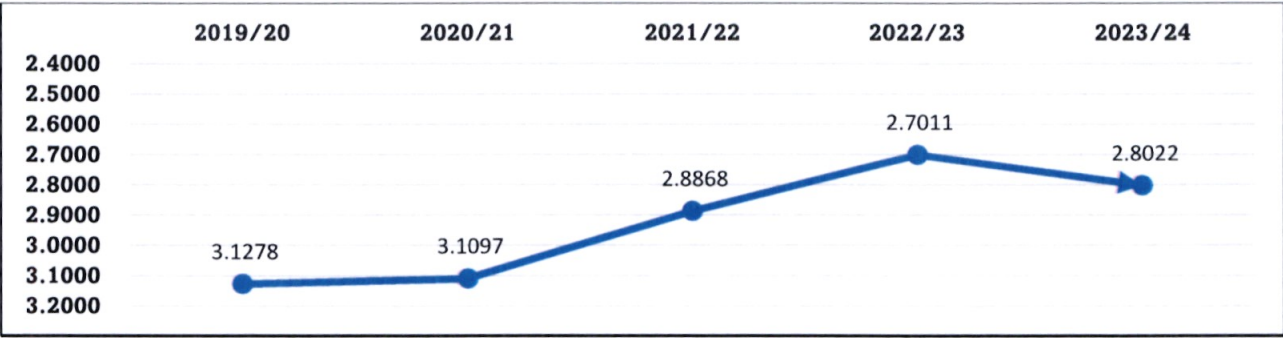


Figure 1: Board Performance Composite Score

Key Performance Indicators in FY 2024/25

Minimally Invasive Surgeries

In the period under review, the Hospital conducted 9,419 minimally invasive surgeries, projecting an increase from the previous year’s milestone of 5,054. The achievement was propelled by dedicated patient education on minimally invasive surgeries in specialised clinics and wards, and as acquisition of additional specialised surgical equipment.

Kidney Transplants and Specialised Renal Services

The hospital conducted a total of 22 kidney transplants, an improvement from the previous year’s total of 16. Besides Kidney transplants, the hospital provided a range of renal services totalling 16136 procedures. This includes Continuous Renal Replacement Therapy, Tissue Typing, venesection, haemodialysis, dialysis catheter procedures and renal biopsy.

Heart Surgeries Increased

The hospital conducted 1,045 heart surgeries, almost doubling the previous tally of 614. This was catalysed by a series of outreaches and heart surgery camps conducted.

Specialised Surgeries Increased

The hospital conducted a total of 37,318 specialised surgeries transcending Dental, paediatric surgery, cardiothoracic surgery, neurosurgery disciplines, among others.

New products and specialised services introduced.

In the year under review, the hospital introduced bariatric surgery and thermal ablation in its surgical healthcare program. Additionally, the Hospital introduced Neonatal maintenance fluids, which are produced within the Hospital. Relevant protocols have been developed to guide the offering of these services.

Infrastructure and Technology innovations

The hospital continued to scale the implementation and adoption of digital healthcare solutions in its operations. It undertook technology and innovations transfer through targeted initiatives, including automation of processes via R-Hospital, ERP, LIMS, PACS, Power BI and installation of security cameras for enhanced surveillance.

8. Statement of Corporate Governance

The Board acknowledges its overarching responsibility for the governance of the Hospital and is committed to providing strategic direction, oversight, and support to Management. Guided by the Hospital's mission, vision, and core values, the Board upholds the highest standards of ethical leadership, emphasizing accountability, fairness, integrity, transparency, efficiency, and effectiveness. It also remains cognizant of and responsive to the legitimate interests of key stakeholders, including staff, patients, government, and the public.

Recognising that the long-term sustainability of the Hospital depends on sound stewardship, the Board has developed and adopted strategies and policies designed to advance the Hospital's strategic objectives. It ensures that Management remains aligned with the implementation and achievement of set goals and targets, while promoting a culture rooted in ethical conduct, integrity, and mutual respect. Additionally, the Board is steadfast in its commitment to ensuring that the Hospital operates in accordance with established corporate governance principles and has embedded these principles into its structure, policies, practices, and daily operations.

Board Appointment, Composition and Diversity

The Board comprises a non-executive independent Chairman; the Chief Executive Officer of Kenyatta National Hospital (KNH); the Cabinet Secretary for the National Treasury and Planning; the Principal Secretary for the State Department for Medical Services; the Honourable Attorney General; the Dean of the Faculty of Health Sciences at the University of Nairobi; and three independent non-executive members.

Four of the nine Board members are independent non-executive members, including the Chairman. The Chairman is appointed by His Excellency the President, while the three independent non-executive members are appointed by the Cabinet Secretary for Health.

Each member receives a formal letter of appointment outlining the terms and conditions of their service, including their fiduciary responsibilities. The Chairman receives a separate appointment letter specifying their role and responsibilities as Chair of the Board.

The Board considers that collectively, the directors have the range of skills, knowledge and experience necessary to effectively lead and govern the Hospital, and strives to comply with the 1/3 gender parity rule.

Board of Management

The Chairman provides overall leadership to ensure the Board functions effectively and maintains strong relations with key stakeholders. While the Board operates as a collective body, each Director remains individually and jointly accountable for the Hospital's governance.

The Corporation Secretary serves as an ex-officio member of the Board, offering advisory support and acting as the principal resource on matters related to governance, statutory compliance, and regulatory adherence. As a member in good standing of the Institute of Certified Secretaries, the Corporation Secretary's duties and responsibilities are defined under the Code of Governance for State Corporations.

Table 3: Board Members

NAME	APPOINTED ROLES
Dr. Samier Muravvej	Independent Non-Executive Director (Chairman)
Dr. Evanson Kamuri	Chief Executive Officer
Mr. Michael Kagika	Non-Executive Director (Rep. of CS, the National Treasury)
Dr. Elizabeth Wangia	Non-Executive Director (Rep. of PS, State Department of Medical Services, Ministry of Health)
Mr. Mark Gakuru	Non-Executive Director (Rep. of Hon. Attorney General)
Prof. George Osanjo	Non-Executive Director (Dean of Faculty of Health Sciences, University of Nairobi)
Ms. Catherine Kathure	Independent Non-Executive Director
Mr. Thomas Cheruiyot	Independent Non-Executive Director
Dr. Joseph Wafula	Independent Non-Executive Director
FCS Calvin Nyachoti	Corporation Secretary

The Board is currently composed of nine (9) Directors and the Corporation Secretary

Responsibilities of the Board

The Board is principally responsible for providing leadership, oversight, and stewardship of the Hospital, ensuring that its functions are executed in utmost good faith. Its powers and authority are drawn from the State Corporations Act, Cap. 446, applicable legislation, and the *Mwongozo* Code of Governance for State Corporations. In discharging its mandate, the Board formulates and oversees the Hospital's overall policy, strategic direction, and operational framework, while monitoring

the implementation of these initiatives. Key accomplishments:

- (i) Actively monitored the implementation of the *Strategic Plan (2024–2037)* to ensure alignment with the Hospital's long-term vision, mission, and strategic objectives.
- (ii) Monitored the Enterprise Risk Management tool aimed at enhancing the identification, assessment, monitoring, and mitigation of strategic and operational risks across the Hospital.
- (iii) Approved the Financial Year 2024/2025 Budget and provided continuous oversight of the Hospital's financial performance, including monitoring expenditure against the approved budget and tracking procurement activities in line with the Annual Procurement Plan.
- (iv) Closely monitored the implementation of the Hospital's Performance Contract to promote accountability, efficiency, and achievement of key performance targets set by the Government.
- (v) Provided oversight on the successful completion of Phase I of the *Cancer Treatment Centre* and

associated *Radiotherapy Bunkers*, a critical step in enhancing the Hospital's capacity for cancer care.

- (vi) Supported the establishment of round-the-clock pharmacy services to improve patient access to essential medicines at all hours.
- (vii) Oversaw the rehabilitation of internal road networks within the Hospital to improve accessibility, safety, and operational efficiency.
- (viii) Reviewed and approved various institutional policies to strengthen governance, compliance, and operational effectiveness.
- (ix) Approved the establishment of an independent *Grant and Research Management Unit* to streamline the coordination and management of externally funded research and grant activities
- (x) Guided and approved the recruitment of key senior management positions to ensure leadership continuity and strengthen institutional capacity.

The Board consistently works to enhance the Hospital's internal controls and enterprise risk management, uphold the highest ethical business standards; and foster a culture of integrity to support the Hospital in achieving its strategic and financial goals

Changes in the Board

During the review period, the Principal Secretary for the State Department of Medical Services appointed Dr. Isaac Kimani as the new alternate, replacing Dr. Elizabeth Wangia, the Director, Health Financing, Projects and Infrastructure. Dr. Kimani assumed his position on 24th May 2025.

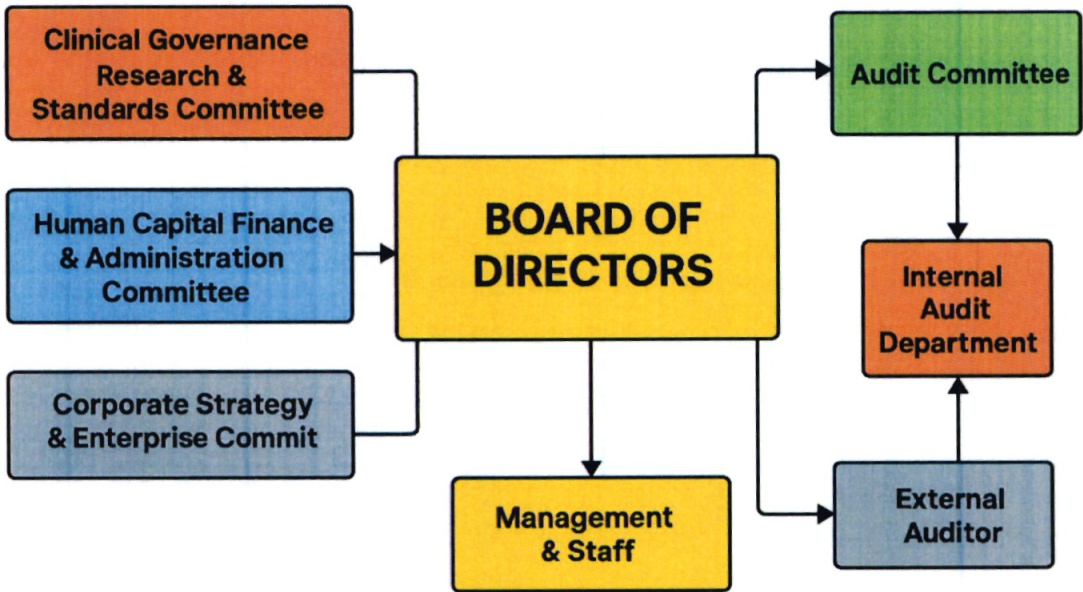
Board Work Plan

The Board formulates an annual work plan for each financial year, aligned with the Hospital’s strategic objectives, highlighting key activities to be addressed during Board and Committee meetings.

The meeting agenda is prepared by the Corporation Secretary in consultation with the Chairman and the Chief Executive Officer. Agendas and supporting documents are circulated in advance to facilitate adequate preparation and meaningful participation in the meetings.

The work plan is reviewed periodically to ensure it remains relevant and responsive to emerging priorities. Adjustments are made as necessary to reflect changes in the healthcare environment or organizational needs.

Governance Structure



Board Attendance

Table 4: Board and Committee meetings attendance for the year ended 30th June 2025

BOARD MEMBER	BOARD POSITION	FULL BOARD MEETINGS	BOARD COMMITTEES				
			CGRS	HCF A	CSE	AUDIT	ADHOC
Dr. Samier Muravvej	Chairman	7	-	-	-	-	-
Dr. Evanson Kamuri, CBS	Chief Executive Officer	5	2	3	2	-	-
Dr. William Sigilai	Ag. Chief Executive Officer	3	2	2	1	-	-
Hon. John Mbadi, EGH	CS, The National Treasury	-	-	-	-	-	-
Mr. Michael A. Kagika, EBS	Alternate to CS, The National Treasury	5				5	
Dr. Ouma Oluga, OGW	PS, State Department of Medical Services	-	-	-	-	-	-
Dr. Bartilol Kigen	Alternate to PS, Medical Services	-	-	-	1	-	-
Dr. Elizabeth Wangia	Alternate to PS, Medical Services	1	2		1	-	-
Dr. Isaac Kimani		5	1		-	-	-
Hon. Dorcas Oduor, EBS	Attorney General	-	-	-	-	-	-
Mr. Mark Gakuru		7		4	-	-	-
Prof. George Osanjo	Dean of Faculty of Health Sciences, UoN	7	4	5	-	-	-
Ms. Catherine Kathure	Member	7	-	-	4	5	-
Dr. Joseph Wafula	Member	7	4	-	-	5	-
Mr. Thomas Cheruiyot	Member	7	-	5	4	-	-

Board Committees

During the year under review, the Board operated through four standing committees to promote efficiency and effectiveness in fulfilling its mandate. Board Committee appointments are guided by the need for diverse skills, expertise, and experience relevant to each committee's responsibilities. Each committee functions in accordance with defined terms of reference. The Chief Executive Officer serves as the Secretary to the Board and its committees, with the exception of the Audit Committee, where the Director of Internal Audit assumes this role. Reports from the committees are submitted to the Board by their respective chairpersons.

The current membership and responsibilities of Board Committees is as summarized below:

Board Committee	Terms of Reference
Clinical Governance Research & Standards Members 1. Dr. Joseph Wafula (Chair) 2. Prof. George Osanjo 3. Dr. Isaac Kimani 4. Chief Executive Officer 5. Corporation Secretary By Invitation 1. Senior Director, Clinical Services 2. Director, Mwai Kibaki Hospital-KNH Othaya 3. Director, Healthcare Quality 4. Director, Training Research & Innovation 5. Chair of the KNH-UoN Ethics Research Committee 6. Rep. Inspectorate of State Corporations	1. Identify and address healthcare service issues within the hospital, ensuring that they are effectively resolved to improve patient care and operational efficiency. 2. Review and assess any updates or changes to policies related to clinical standards, quality assurance, research, and innovation, ensuring they align with best practices and enhance the hospital's overall quality of care. 3. Collaborate closely with the Medical Advisory Committee to ensure the continuous delivery of high-quality healthcare services, fostering a cohesive approach to patient care; and 4. Conduct a thorough quarterly evaluation of the hospital's standards and quality assurance programs, guided by the principles outlined in the health professional's handbook on quality management in healthcare in Kenya, to maintain and elevate the hospital's care standards.
Human Capital Finance & Administration Members 1. Mr. Thomas Cheruyot (Chair) 2. Prof. George Osanjo 3. Mr. Mark Gakuru 4. Chief Executive Officer 5. Corporation Secretary By Invitation 1. Senior Director, Corporate Services	1. Review, quarterly, half yearly and annual financial statements with Management; 2. Set long-term financial goals and determine funding strategies to achieve them; 3. Assess current and emerging risks and risk exposures relating to the Hospital's business and strategies, ensuring effective risk control and mitigation arrangement are in place. 4. Review multi-year operating budgets that align with the objectives and initiatives of the Strategic Plan; 5. Review and recommend the annual procurement plan for Board approval; 6. Oversee the financial restructuring of the Hospital; 7. Monitor the financial performance of the Hospital's Pension Fund (both Defined Benefits and Defined Contributions);

Board Committee	Terms of Reference
2. Director, Finance 3. Director, Human Resource 4. Director, Supply Chain Management 5. Rep. Inspectorate of State Corporations	8. Develop, review and recommend the remuneration structure for staff for Board for approval; 9. Oversee the appointment, promotion and disciplinary issues of senior staff for Board recommendation and approval; and 10. Develop and recommend Human Resource policies and corporate organizational structure for Board approval to support the Hospital business.
Corporate Strategy & Enterprise Members 1. Ms. Catherine Kathure (Chair) 2. Mr. Thomas Cheruiyot 3. Dr. Isaac Kimani 4. Chief Executive Officer 5. Corporation Secretary By Invitation 1. Senior Director, Corporate Services 2. Director, Affiliation & Institution Development 3. Director, Planning & Strategy 4. Rep. Inspectorate of State Corporations	1. Develop and review the Hospital's strategic direction and ensure business sustainability; 2. Oversee strategy implementation and monitor performance of the Board and the Hospital; 3. Review and monitor key projects to ensure they align with the corporate strategy; 4. Review the Information Communication and Technology (ICT) policy and evaluate ICT security issues and internal controls; 5. Assist the Board and Management in staying abreast of new developments, technologies and emerging trends in the industry; 6. Oversee engagements with key strategic partners and recommend the entering into strategic partnerships including public private partnerships to the Board for approval; and 7. Coordinate resource mobilization activities.
Audit Committee Members 1. Mr. Michael Kagika (Chair) 2. Dr. Joseph Wafula 3. Ms. Catherine Kathure 4. Director, Internal Audit By Invitation 1. Chief Executive Officer 2. Corporation Secretary 3. Various Directors 4. Rep. Inspectorate of State Corporations	1. Oversee the Hospital's financial reporting process and the disclosure of its financial information to ensure the accuracy, adequacy, and credibility of the financial statements; 2. Review half-yearly and annual financial statements before submission to the Board for approval; 3. Monitor and review the effectiveness of the Hospital's internal audit function and internal audit program; 4. Review the Hospital's internal control and risk management systems; 5. Evaluate the effectiveness of controls aimed at preventing or detecting frauds; 6. Review major findings on internal investigations and the management's response; 7. makes recommendations to the Board on business risks, internal controls and compliance; and 8. Oversight over the work undertaken by the external auditor (Auditor General).

Inspectorate of State Corporations

Pursuant to Section 18(2)(c) of the State Corporations Act, the Inspector General (Corporations) is empowered to attend meetings of any state corporation, including those of the Board and its Committees. During the FY2024/2025, Mr. Isaac Odek, Deputy Inspector General, was appointed to represent the Inspectorate of State Corporations at all Board and Committee meetings. Following his retirement in January 2025, Ms. Cecilia Wakahiu was appointed as his replacement.

Relationship between the Board and Management

A distinct separation of roles exists between the Board and Management, as outlined in the Board Charter. The responsibilities of the Board Chairman are clearly distinguished from those of the Group Managing Director and Chief Executive Officer. In adherence to sound governance principles, the Board has delegated the authority to manage day-to-day operations to the Group Managing Director and Chief Executive Officer. This delegation is clearly articulated in the Board Charter. Nonetheless, the Board retains overall responsibility for the Hospital's strategic direction and long-term success.

Board Induction and Capacity Development

Upon their appointment, Directors participate in a formal and comprehensive induction program, as provided for in the Board Charter. This program is intended to equip new Directors with the necessary knowledge about the Hospital and their roles, enabling them to quickly assume their responsibilities effectively. It includes an in-depth walkthrough of the Hospital's key operations to offer first-hand experience.

As part of the induction, new Directors hold introductory meetings with senior management, the Corporation Secretary, and the Board Chairperson prior to attending their first Board meeting. They also receive an appointment letter outlining key aspects of their role, together with the Hospital's Strategic Plan, Board Work Plan, Board Charter, and other relevant policy documents.

During the reporting period, Directors received extensive training in enterprise risk management, governance, and financial management. For the

FY2024/2025, a more structured and robust training calendar has been developed to address the training needs identified during the Board evaluation exercise conducted in the year under review.

Each year, the Board develops a training calendar that identifies and schedules specific training needs. Board trainings cover areas such as leadership, risk management, governance, finance, and other relevant topics.

Board Evaluation

The Board undertakes an annual self-evaluation exercise facilitated by the State Corporations Advisory Committee (SCAC). This evaluation assesses the performance of the Board, its Committees, the Chairman, the Chief Executive Officer (CEO), the Corporation Secretary, and the Head of Internal Audit. The objective is to determine the maturity of the Board's operations and position it as an engaged and strategic partner to the CEO. This is achieved by offering insight, advice, and support on key decisions while maintaining effective oversight of the CEO and the overall performance of the Hospital.

Independent Consultants

Where necessary, the Board engages independent consultants to provide external advice or support on pertinent issues requiring specialized expertise.

Internal Controls

Through its Audit and Risk Committee, the Board ensures the existence of robust internal control systems aimed at protecting the integrity of the Hospital's assets and ensuring reliable financial

reporting. These controls encompass authorization procedures for significant transactions, legal and regulatory compliance mechanisms, physical asset security, and proper segregation of duties. The

effectiveness of these controls is evaluated based on findings from the Internal Audit team.

The Hospital utilizes a comprehensive management accounting system that tracks both financial and operational performance metrics. Executive Management conducts weekly performance review meetings to track progress and implement necessary improvements. Additionally, Management remains abreast of legal and regulatory developments, working closely with the Ministry of Health and participating in industry forums and lobbying efforts to advocate for relevant policy changes.

Code of Conduct & Ethics

The Hospital is committed to the highest standards of integrity and ethical conduct in all stakeholder interactions. Board members and employees are expected to avoid activities or financial interests that may compromise their fiduciary responsibilities or objectivity.

Conflict of Interest

Board members are required to declare any conflicts of interest upon appointment. Directors must disclose any actual or potential conflicts related to matters before the Board and recuse themselves from the related deliberations. To promote transparency, conflict of interest declarations are a standing agenda item at all Board and Committee meetings. Additionally, an annual conflict of interest disclosure is required of all Directors.

Legal Compliance and Governance Audit

During the year under review, the Hospital did not conduct an independent annual legal compliance and governance audits. However, the Hospital undertook progressive internal legal and compliance reviews to assess the state of its compliance with the expansive regulatory environment as well as governance audit

in line with the Mwongozo Code of Governance for State Corporations.

Information Technology

The Board has overseen the implementation of a hospital management information system (E-Hospital) integrated with SAP. This initiative is aimed at modernizing the Hospital's technological infrastructure by adopting innovative digital solutions to enhance operational efficiency, support decision-making, and deliver value to patients and stakeholders.

Procurement

The Hospital's procurement policy is designed to ensure optimal value for money and efficiency through the application of professional procurement standards that align with corporate objectives. The policy promotes uniformity, inclusivity, fairness, transparency, professionalism, and integrity. It aims to improve supply chain effectiveness and supplier relationships through streamlined supplier engagement, framework development, and the cultivation of strategic, long-term partnerships with qualified vendors.

Stakeholder Management

The Board recognizes that the Hospital's reputation is critical to its success. The Marketing and Communications Department is instrumental in managing public perception and stakeholder engagement, including customers, suppliers, donors, and staff. This department ensures that communication strategies align with evolving business and regulatory environments. While the Board provides strategic direction, the Department is responsible for implementing communication initiatives.

Board Remuneration

We Listen, We Care

Board remuneration is governed by government guidelines for state corporations, specifically Circular No. OP/CAB.9/21/2A/41/43 dated 23rd November 2004. The Chairman receives a monthly honorarium. Details of Directors' remuneration are provided in note 15 of the financial statements.

Financial and Business Reporting

The Board affirms that it has met its responsibility to deliver a balanced and transparent assessment of the Hospital's financial performance through the Annual Report. It considers the Hospital a going concern, supported by sufficient financial resources to meet foreseeable obligations.

Looking Forward

As Kenyatta National Hospital progresses towards its vision of becoming a world-class center for specialized, patient-centered care, the Board remains dedicated to attracting, retaining, and motivating high-performing staff. The Board will continue to foster constructive relationships with staff unions and

stakeholders, emphasizing collaborative progress. Key priorities include the implementation of fair and results-oriented performance management systems within a supportive and conducive work environment.

Going Concern

The Board is satisfied in its assessment of the Hospital as a going concern. Adequate financial resources are in place to meet the Hospital's operational and strategic needs in the foreseeable future, as reflected in the Annual Report.

Material Litigation

During the reporting period, the Board was informed of three ongoing legal matters with the potential to materially impact the Hospital's operations. These matters are being closely monitored and appropriately managed.

9. Management Discussion and Analysis

Kenyatta National Hospital offers comprehensive emergency care through its Accident & Emergency (A&E) Department and Paediatric Emergency Unit. It provides daily various specialised outpatient and inpatient services across its medical and surgical programs, including Paediatrics, Obstetrics and Gynaecology, Ear, Nose & Throat, General Surgery, Internal Medicine, Dermatology, Orthopaedics, and Ophthalmology, among others.

Clinical Performance

Inpatient and Outpatient Services

In the year under review, the Hospital attended to 397,440 outpatients against a five-year moving average of 390,257 outpatients for the period between 2020/21 to 2024/25. On the other hand, the inpatients' tally stood at 66,119, which is marginally higher than the five-year average of 65,990 inpatients. However, the hospital experienced a surge in patients' numbers in the month of April 2025 due to industrial action by county healthcare workers. The trends for patient numbers are illustrated in the Figure below.

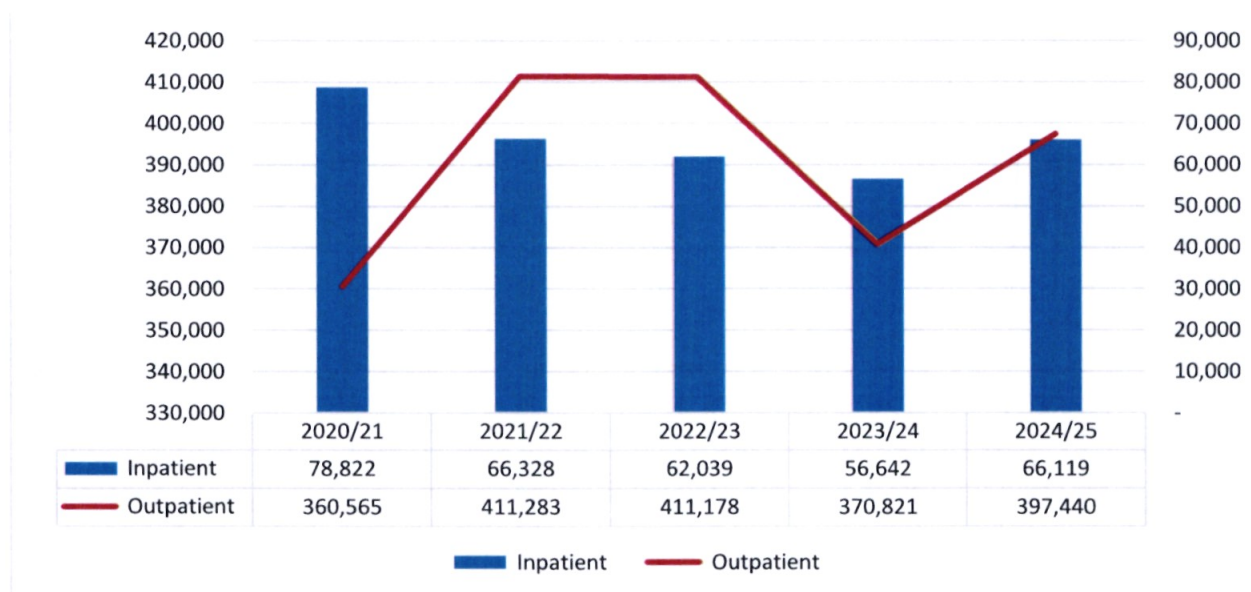


Figure 2: Inpatient and Outpatient Numbers

-Accident & Emergency Services

In the year under review, the Hospital's accident and emergency services attended to 28,349 patients, thereby admitting 20,065 into the Hospital wards. Overall, the accident and emergency services experienced an increase in patient numbers as compared to the previous reporting period, as depicted in the figure below.

KENYATTA NATIONAL HOSPITAL
Annual Report and Financial Statements
For the year ended June 30, 2025

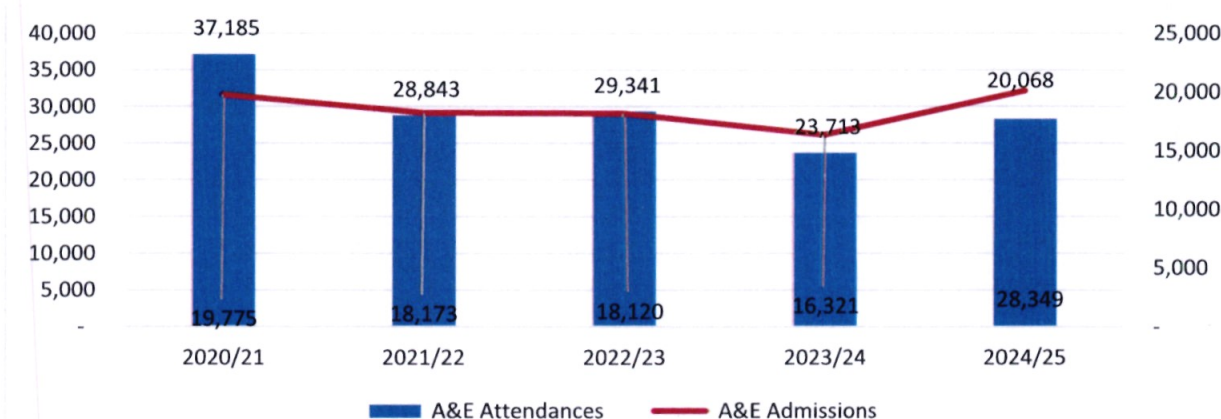


Figure 3: A&E Attendances and Admissions

Paediatric Emergency Unit attendances and admissions.

The hospital paediatric emergency Unit is the main entrance for paediatric patients. The hospital experiences a marginal increase in patient numbers compared to the previous reporting period in this healthcare service area, posting a total of 20384 attendances against 6,037 admissions in the FY-2024/25 as illustrated in the figure below.

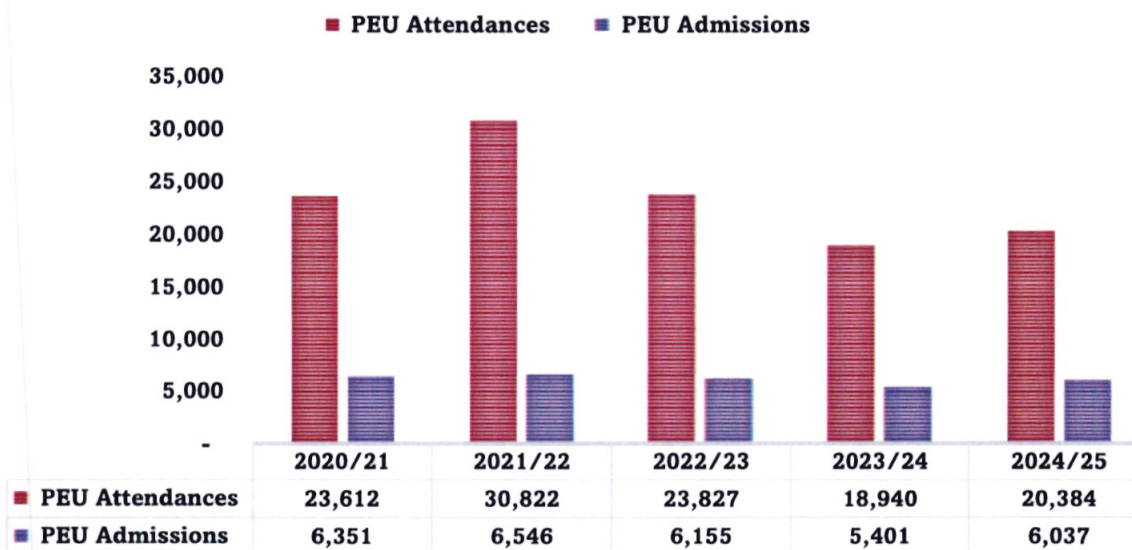


Figure 4: PEU Attendances and Admissions

Specialised Clinics Attendance

The hospital runs dedicated specialised clinics in its specialised services portfolio. In the year under review, the Hospital experienced an increase in patients visiting the paediatrics outpatient, Medical Outpatient and Surgical Outpatient Clinics, as depicted in the figure below.

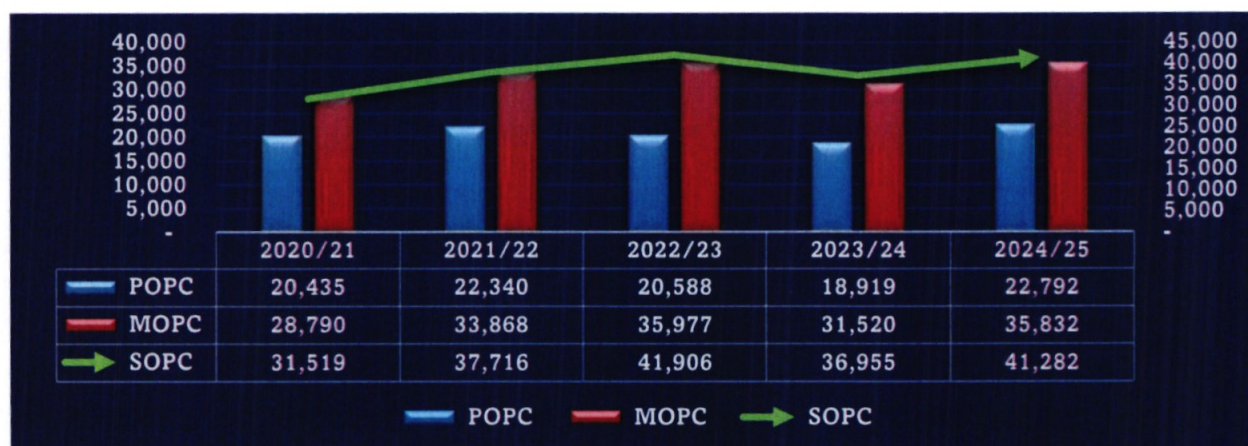


Figure 5: Specialised Clinics Attendances

Occupied bed days against ALOS

The hospital's Average Length of Stay increased from 8.2 to 10.2 days in the reporting period, resulting in a higher occupied bed days. This is due to the increased complicated specialised multidisciplinary cases the Hospital handled in the period under review, as demonstrated below.

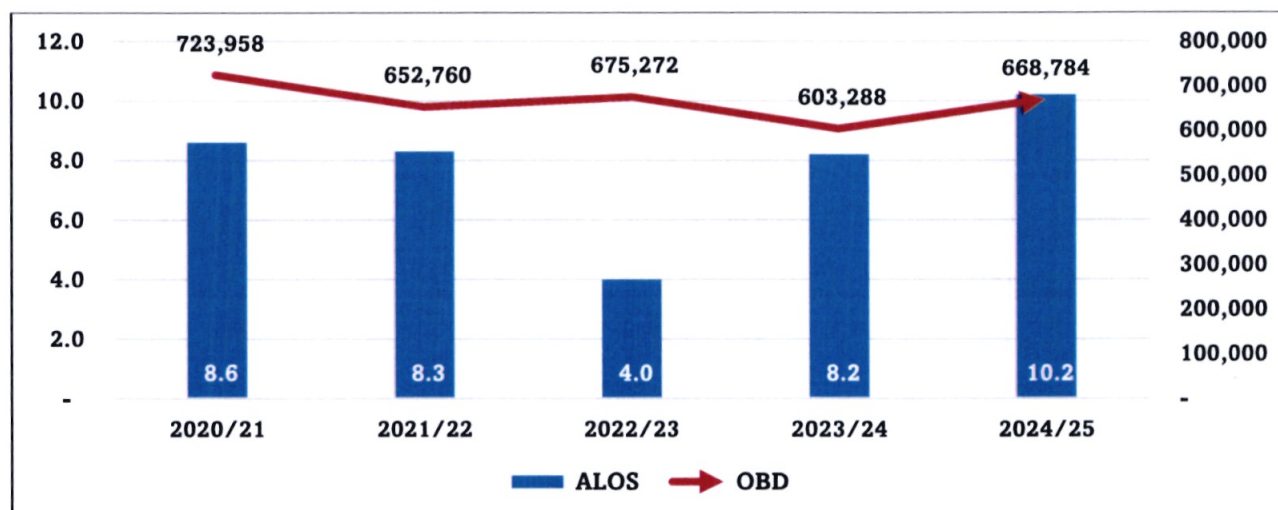


Figure 6: Average Length of Stay Vs Occupied Bed Days

Mortality rate

In the Period under review, the hospital's Mortality rate reduced to scale to 9.5 as compared to a rate of 10.2 reported in the previous year. This marginal change is attributed to the implementation of the referral policy and increased collaboration initiatives with the referring facilities on timely patient case management.

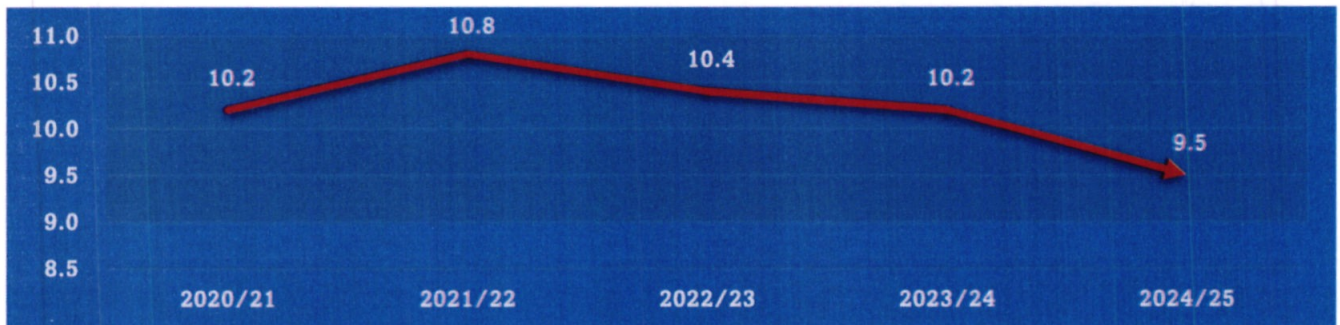


Figure 7: Mortality Rate

Diagnostic Services

The hospital's diagnostic services encompass imaging and laboratory investigation. In the period under review, there was a marginal increase of 17% in laboratory investigations from the previous year's 1,056,941. This was attributed to the implementation of patient management protocols and an evidence-based decision-making model for clinical services. Imaging services had stunted increase across MRI, CT Scans, Ultrasound, Interventional radiology and X-rays as illustrated in the figure below.

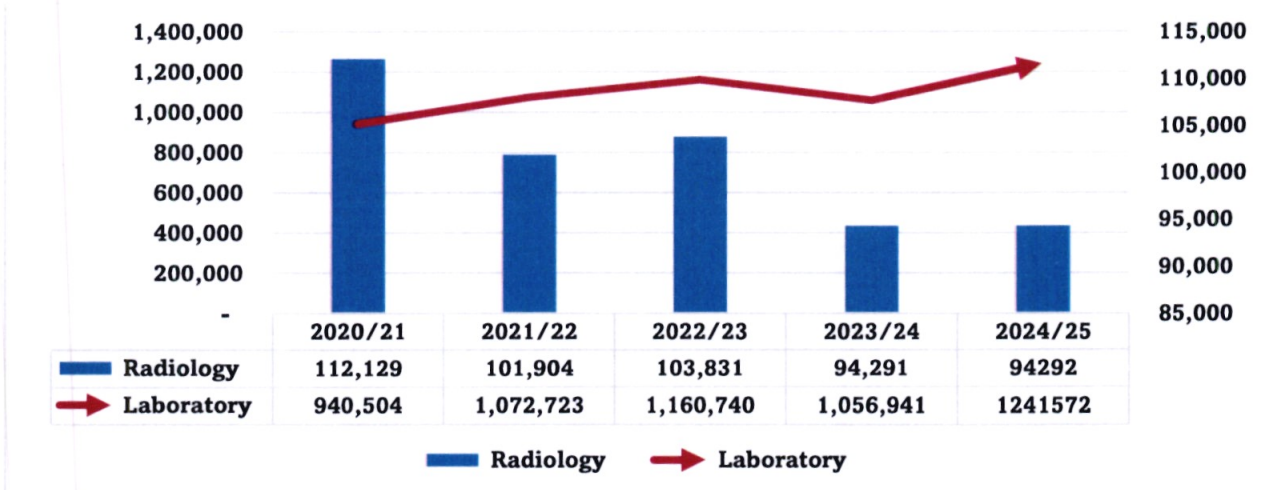


Figure 8: Diagnostic Services

Minimally Invasive Surgeries

In the period under review, the Hospital conducted 9,419 minimally invasive surgeries, projecting an increase from the previous year's milestone of 5,054. The achievement was propelled by dedicated patient education on minimally invasive surgeries in specialised clinics and wards, and as acquisition of additional specialised surgical equipment.



Figure 9: Minimally Invasive Surgeries

Heart Surgeries

There was an increase in the number of heart surgeries performed compared to the previous year. This was catalysed by a series of outreaches and heart surgery camps conducted.

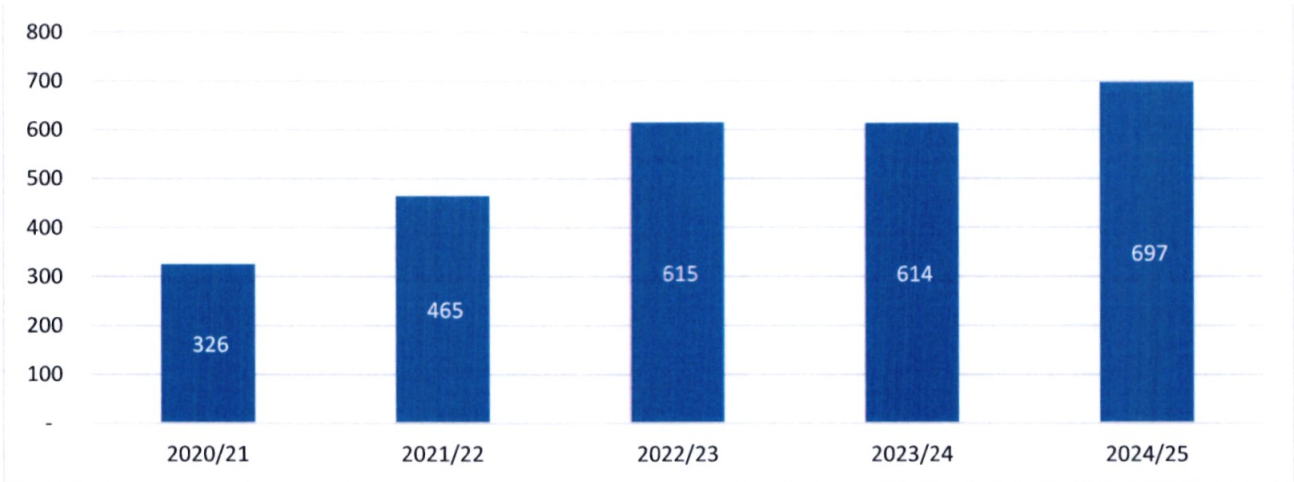


Figure 10: Heart Surgeries

Milestones and Clinical Success Stories

Transhumeral Targeted Sensory Reinnervation

Kenyatta National Hospital (KNH) has cemented its position as a global leader in medical innovation by



Moses Mwendwa(C) recuperating in the ward after the successful Transhumeral Targeted Sensory Reinnervation (TSR) surgery.

successfully performing the world's first Transhumeral Targeted Sensory Reinnervation (TSR) surgery on Mr. Moses Mwendwa, a 22-year-old patient. The surgery that lasted more than seven hours, led by a multidisciplinary team of surgeons, enabled Moses to feel sensation at the stump of his missing left hand for the first time since amputation. TSR, an advanced surgical technique, reroutes nerves from an amputated limb to the remaining skin, creating a "sensory map" that allows the brain to perceive touch, temperature, and pain as if originating from the missing limb. Moses became the first person in the world to undergo the procedure that not only restored sensation but also promised better prosthetic control and pain management. The

success of this milestone was made possible by a world-class team.

KNH Launched Kenya's First Public Menopause Clinic

Kenyatta National Hospital has launched the country's first public Menopause Clinic, a landmark move in advancing women's health. The facility, located at Clinic No. 18, operates every Monday alongside the Fertility Clinic. The clinic provides tailored care for women experiencing menopause and addresses related issues such as contraception, infertility, and routine screenings. It also seeks to establish treatment protocols for Hormone Replacement Therapy (HRT). This groundbreaking initiative aims to break the silence around menopause, offer support, and promote public awareness—marking a major stride in holistic, inclusive care for women in Kenya's public health system.



Dr. Owende, Obstetrician & Gynecologist at the Menopause Clinic

Heart Defect Surgery

Kenyatta National Hospital has made history by performing Kenya's first minimally invasive Ventricular Septal Defect (VSD) closure at a public facility. A multidisciplinary team of Consultants and pediatric Cardiologists performed the procedure on a 15-year-old girl through a minimal access keyhole procedure. Using advanced x-ray-guided techniques, the team accessed the heart through a small incision in the leg—avoiding open-heart surgery and allowing the patient to be discharged just a day later without visible scars. This groundbreaking operation marks a major advancement in local cardiac care, demonstrating KNH's growing capacity to treat complex heart defects using safer, faster, and less invasive methods. Kenyatta National Hospital is committed to embracing cutting-edge technology in the correction of congenital heart defects for the best clinical outcomes.



15-year-old Ms. Shelvin Wakonyo, the first-ever Ventricular Septal Defect (VSD) closure patient using a minimally invasive keyhole procedure at a public health facility in Kenya

KNH Performs First Minimally Invasive

Lung Surgery

Kenyatta National Hospital has successfully performed its first Video-Assisted Thoracic Surgery (VATS), a minimally invasive lung operation, on a 30-year-old patient. Video-assisted Thoracic Surgery (VATS), a minimally invasive approach to surgeries within the thoracic cavity. VATS allows for small incisions instead of a large open chest incision. A camera and instruments are used to view and operate on the area. The groundbreaking VATS surgery represents a monumental step forward for the hospital, allowing more advanced, minimally invasive treatments that improve patient outcomes. With this successful procedure, KNH continues to raise the bar for healthcare in Kenya and beyond, providing hope and healing for many more patients in the future.



Ms. Pauline Wanzu (L) and Dr. Apama Ghose after the surgery

KNH Saves boy's life with a rare non-surgical Lung Procedure

Kenyatta National Hospital successfully removed a plum seed from the lung of a nine-year-old using a non-surgical bronchoscopy procedure with advanced cryobiopsy technology. After seven months of misdiagnoses and worsening symptoms, Eugene was referred to KNH, where a team led by Dr. Wanjiku Kagima quickly identified the cause and performed the minimally invasive procedure, avoiding open surgery and preserving his lung function. Eugene has since fully recovered and returned to school,



Eugene Kimuthu held by her mother Ms. Kimotho at the ward



The extracted plum seed

with his mother praising KNH as a beacon of hope in Kenya's public health system.

KNH Reconstructs Face of Crash

Victim in 15-Hour Surgery

Kenyatta National Hospital has successfully performed a complex 15-hour reconstructive surgery on a 25-year-old who sustained severe facial injuries in a motorcycle accident. Referred from Thika Level 5 Hospital, Kimathi was treated by a multidisciplinary team led by Consultant Maxillofacial Surgeon Dr. Bwire Barasa. The procedure involved realigning shattered facial bones and repairing soft tissue, restoring both function and appearance. His full recovery and was discharged a month later. This milestone highlights KNH's advanced trauma care capabilities and spotlights the growing burden of motorcycle-related injuries among youth in Kenya.



Pre-op facial CT scan image of the severe pan-facial fractures after the near fatal motorcycle accident

KNH Launches Region's First Dedicated Liver Transplant Clinic



Head of Specialized surgery Dr. Joel Lessan, OGW sharing a cake with the specialized surgery team during the launch of the Liver Transplant Clinic.

Kenyatta National Hospital has launched its first-ever Liver Transplant Clinic—the first dedicated facility of its kind in the region—marking a major step forward in specialised care. Led by Dr. Joel Lessan, OGW, and a multidisciplinary team, the clinic offers comprehensive support before and after transplant surgery, ensuring better outcomes and long-term care. The clinic is set to improve access to world-class liver treatment, providing holistic support to patients and their families throughout the transplant journey.

KNH Performs Kenya's First Paediatric Brachial Plexus Surgery

KNH Plastic and Reconstructive Surgeons have successfully conducted Kenya's first paediatric Birth Brachial Plexus Palsy (BBPP) surgery—a procedure previously done only on adults. BBPP causes arm weakness or paralysis in newborns due to nerve injury during birth, and surgery helps restore function and improve quality of life. The milestone was led by Dr. Benjamin Wabwire, Prof. Ferdinand Nang'ole, and Dr. Dorsi Jowi, marking a major step in advancing specialised paediatric surgical care locally.



Ruth Wambui Ndung'u with her child before surgery

KNH Celebrates Baby Bahati's Journey from Womb Surgery to First Birthday



*Dr. Rosa Chemwey Consultant Obstetrician
Gynaecologist holding Baby Bahati during
the 1-year celebration*

Baby Bahati Omanga's birth and recovery marked a remarkable milestone in maternal and neonatal care at Kenyatta National Hospital (KNH). Born prematurely at 35 weeks on October 19, 2023, Bahati had undergone a high-risk intrauterine foetal transfusion—an intricate procedure performed while still in the womb. Following his delivery, he was closely monitored in the hospital's Critical Care Unit, where he received specialised care. Almost a year later, KNH's #BabyMama campaign—dedicated to advancing maternal and child health—brought Bahati's caregivers and family together for a touching reunion. The event was held in Lunga Lunga on October 9, 2024, to celebrate his first birthday and honour the collaborative efforts that ensured his survival and well-being. The gathering served as a testament to the power of early prenatal intervention, skilled medical care, and strong community support. It also underscored KNH's continued commitment to improving maternal and neonatal outcomes across the country.

Awards

National Nurses Association of Kenya (NNAK) AGM/Conference held in the month of October 2024 was a grand affair, where the inaugural Nurses and Midwife of the Year Awards (NMOYA) recognised exceptional nurses across the country. Leonard Otieno, endearingly referred to as "The Nurse" or "Otieno the Nurse" by his colleagues, a critical care nurse at the KNH Prime Care Centre (KPCC), won the prestigious "National Winner" title in the first-ever Nurses/Midwife of the Year Awards (NMOYA), under the National Referrals Category. This award celebrates his dedication to clinical excellence and his innovative contributions to nursing. Now, with the NMOYA award under his belt, Leonard continues to serve as a role model, advocating for patient-centred care and inspiring the next generation of nurses.



Mwai Kibaki Hospital Operational Performance

The hospital was officially opened by the Ministry of Health on 4th August 2019 as Othaya Teaching & Referral Hospital and later handed over to Kenyatta National Hospital on 30th October 2019 to operate as its satellite facility. The hospital was named after Kenya's third President, Mwai Kibaki. It has a bed capacity of 350 and has experienced substantial growth since its operationalisation in 2019.

Mwai Kibaki Hospital (MKH) has significantly expanded its service profile, what began with general outpatient services, basic laboratory and imaging has now evolved into; 17 specialized Outpatient clinics: General Surgery, ENT & Audiology, Orthopaedic, Urology, Gynaecology, Neurosurgery, Ophthalmology,

Dental, Orthodontics & Prosthodontics Maxillofacial, Obstetrics & Gynaecology, Internal medicine, Cardiology, Dermatology, Oncology, Paediatrics, Endocrinology, mental health, Critical Care Service & Neonatology; Accident & Emergency services; Travel Vaccines Services;
Inpatient medical & surgical services; Laboratory & radiological services; Rehabilitative services: physiotherapy, occupational therapy, speech & language therapy, ortho-trauma and Nutrition and Dietetics Services

MKH Accident & Emergency and Specialised Clinics Attendance

During the FY 2024/2025, the hospital's outpatient services, comprising both the Accident & Emergency (A&E) Unit and Specialised Clinics, recorded a total of 40,117 patients. The Accident & Emergency unit experienced an increase in attendance due to the hospital's growing role as a referral facility.

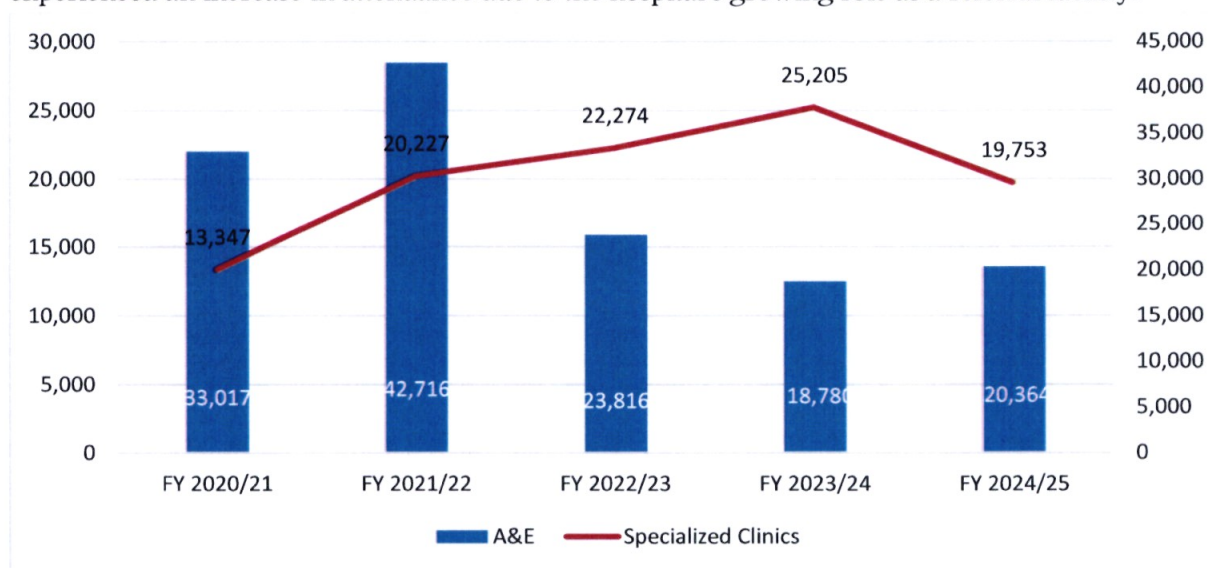


Figure 11: MKH Outpatient Units attendance

MKH Inpatients

The number of patients admitted to the Hospital has been on an increasing trend over the years, from 4,663 in FY 2020/21 to 5,541 in FY 2024/25, reflecting the hospital's growing role in managing complex and critical cases.

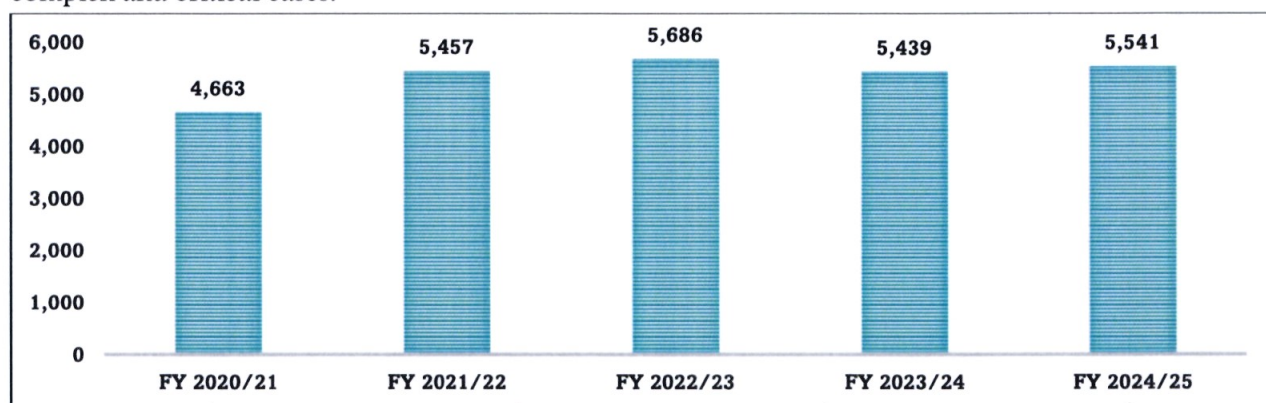


Figure 12: MKH Inpatients

MKH Average Length of Stay

The Average Length of Stay (ALOS) for inpatients decreased from 11.4 days in FY 2023/2024 to 9.3 days. This decline reflects improvements in care coordination and discharge planning across the hospital's inpatient units.

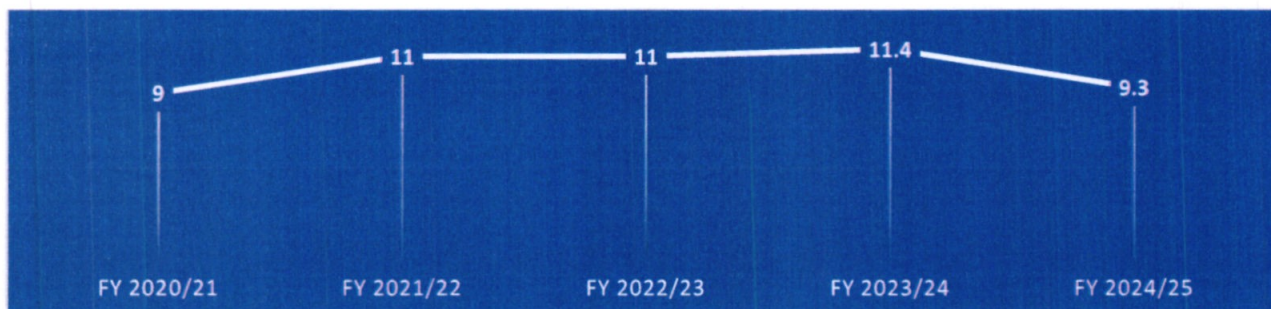


Figure 13: MKH Average Length of Stay

Surgical Procedures in MKH

A total of 1,559 surgeries were performed, reflecting a slight decrease from 1,594 surgeries in FY 2023/2024.

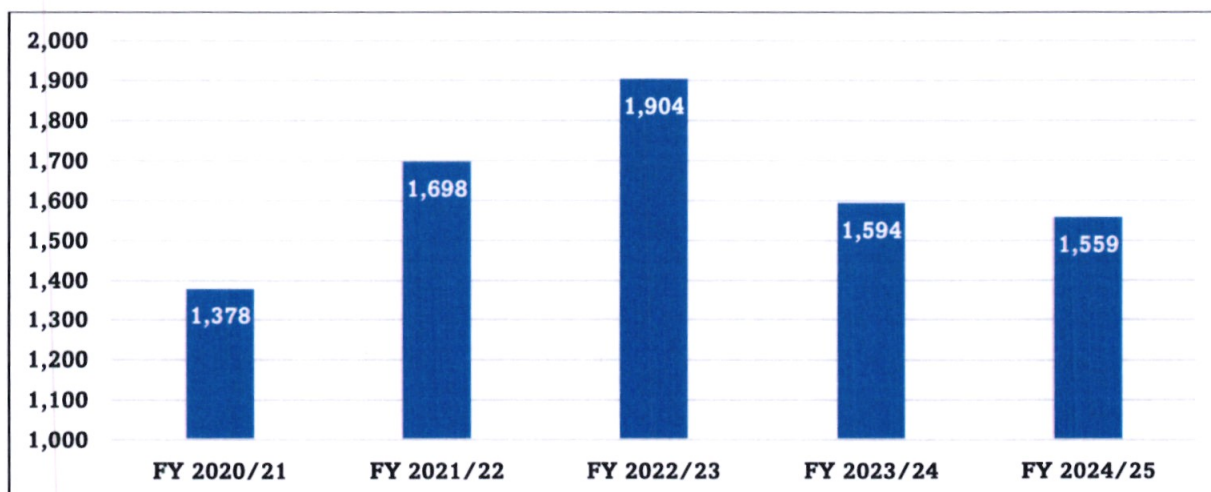


Figure 14: MKH Surgical Procedures

Diagnostics Procedures in MKH

The laboratory department supports inpatient and outpatient diagnostics with tests in biochemistry, haematology, parasitology, virology, and endocrinology. In FY 2024/25, the growth in diagnostic tests reflects enhanced service capacity, especially due to increased referrals and the introduction of immunoassay testing, which expands the hospital's diagnostic range. Radiology investigations offered in the hospital include basic X-rays, Ultrasonography, Echo Echocardiography. FY 2024/25 shows an increase in imaging investigations, indicating continued demand for imaging as outpatient and inpatient volumes rise.

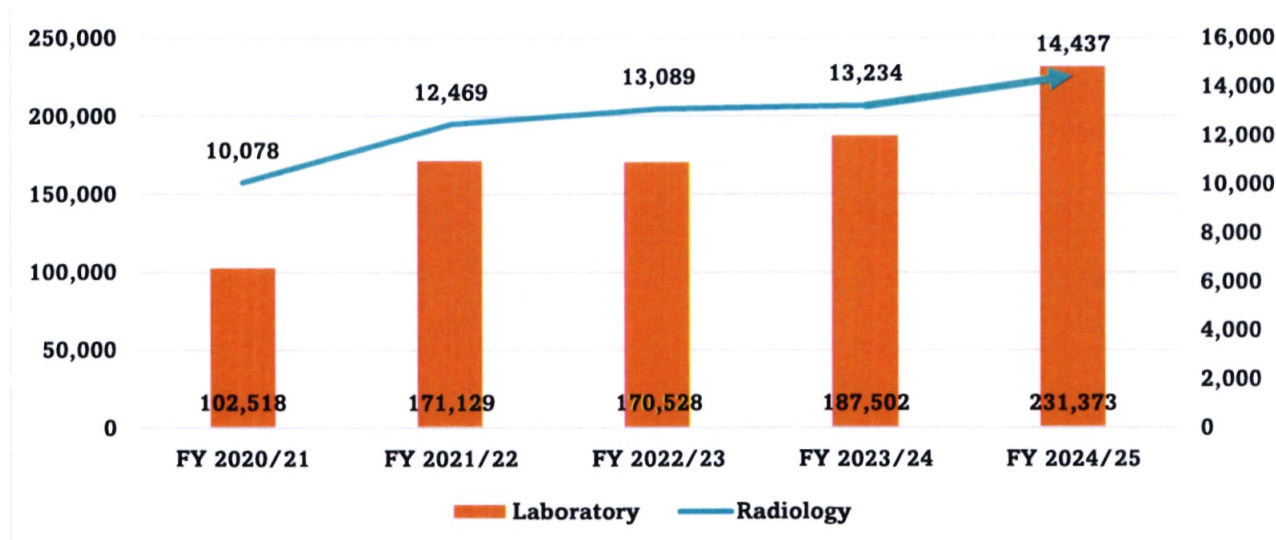


Figure 15: MKH Diagnostics Procedures

Dialysis Sessions in MKH

The burden of non-communicable diseases (NCDs), such as hypertension, diabetes and cancers, is quite high in the region, leading to complications of chronic kidney disease (CKD). This has led to increased demand for dialysis. However, the dialysis unit is constrained by frequent machine breakdowns and the use of ageing equipment.

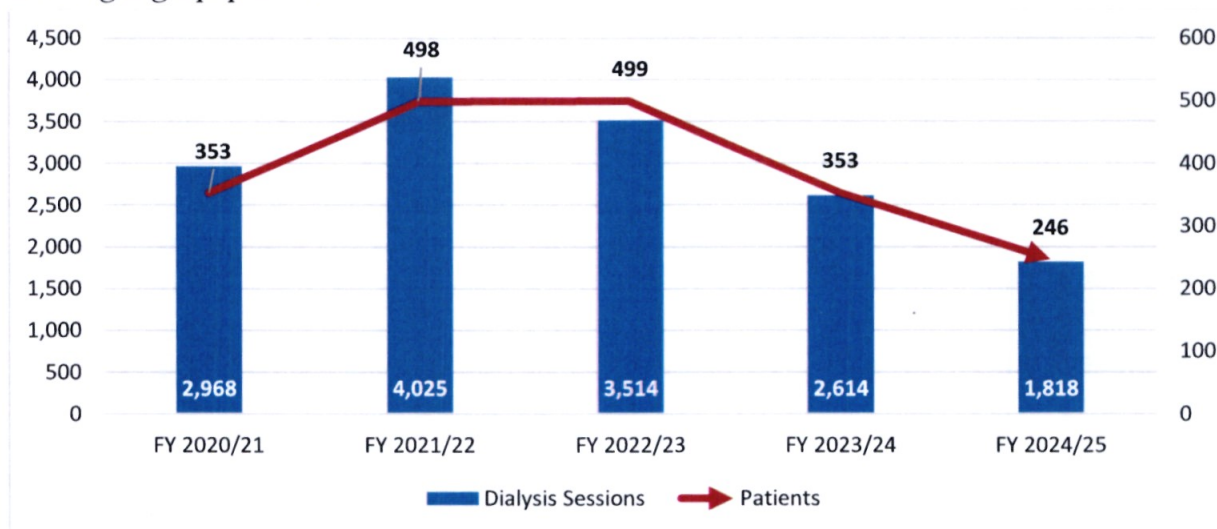


Figure 16: MKH Dialysis Sessions against patients

Cancer services in MKH

Cancer remains a significant public health concern in the country, with a growing number of patients presenting with breast, cervical, prostate, oesophageal, and colorectal cancers. The hospital is only capable of offering chemotherapy services, with those patients requiring radiotherapy being referred to KNH.

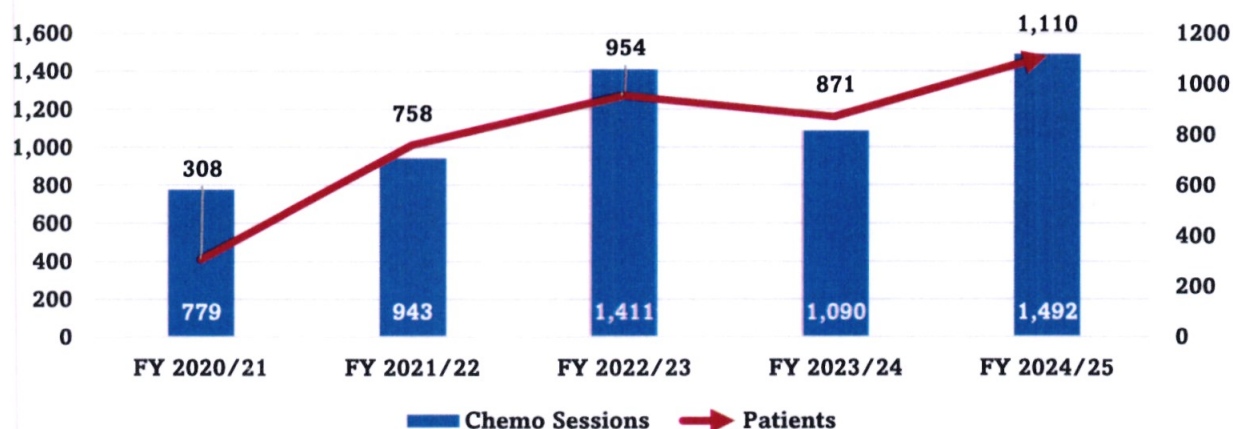


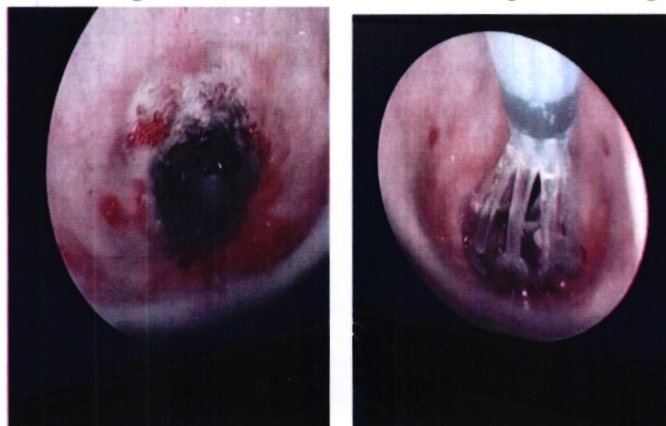
Figure 17: MKH Chemotherapy Sessions

Clinical Milestones in Mwai Kibaki Hospital

In a significant advancement for airway management at Mwai Kibaki Hospital, the ENT team successfully conducted the hospital's first-ever laser procedure. This minimally invasive intervention was performed on a patient diagnosed with subglottic and tracheal stenosis following prolonged intubation, effectively



eliminating the need for open surgery.



ENT Specialists and MKH Surgical Team performing the hospital's First Laser airway procedure.

This clinical breakthrough was made possible through the expertise of our dedicated ENT specialists, Dr. Caroline Muturi from MKH, in collaboration with Dr. Maina from Kenyatta National Hospital. Their

efforts reflect our ongoing commitment to delivering advanced, patient-centred care and embracing innovative medical technologies to improve patient outcomes.

The Hospital achieved another significant milestone in diagnostic urology with the successful performance of its first ultrasound-guided prostate biopsy. The procedure, led by Consultant Urologist



Dr. Keagan Kirigo, represents a major advancement in the hospital's capacity to offer precise, minimally invasive diagnostic services for prostate-related conditions.

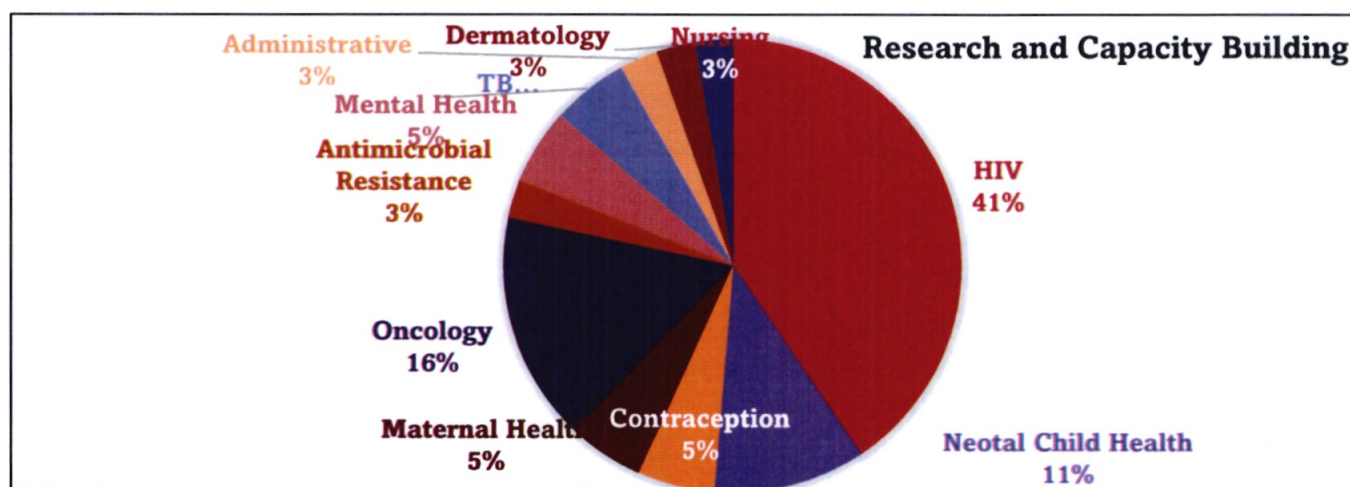
Dr. Keagan Kirigo performing the Ultrasound Guided Prostate Biopsy.

Research and Capacity Building

Human Resources for Health

The hospital established a collaborative partnership with RSTI through publications and journal reviews. A total of 88 publications were done in the review period. In addition, established research, training & innovation garage 40 studies implemented in 2024/2025. Although most studies were on HIV, increase.

Figure 18: Research and Capacity Building



Diversification on the topic areas for research was seen with increased research observed in Dermatology, Tuberculosis and Oncology. This year, the hospital has partnered with Life for A Child to conduct a research project to improve access to continuous glucose monitoring devices for equity in Diabetes management (ACCEDE) for children living with Diabetes in Kenya. This project also aims to improve knowledge and understanding of continuous glucose monitoring devices among healthcare providers and people living with Diabetes and chart a path for integration of this technology into effective diabetes management, ultimately laying the groundwork for sustainable financing of continuous glucose monitoring devices. This period also witnessed a change in the funding landscape that has led to reduced

funding. The department, however, is exploring alternative funding mechanisms to ensure continued research activities within the hospital.

Advanced Research Training

This year, KNH collaborated with Emory University and the University of Nairobi to develop the 1st Advanced Implementation Science course that is being delivered in the hospital. This is a 16-week hybrid course that seeks to provide advanced implementation science skills to health-related practitioners, with the aim of increasing the number of funded research projects that address cancer care gaps in Kenya. The 1st cohort of trainees began their training on 2nd May 2025.

KNH-UoN Webinars

The Hospital conducted 131 webinars covering diverse topics ranging from one health, social health insurance, paediatrics and paediatric oncology to disaster preparedness. Presenters were drawn mainly from KNH, UoN, Ministry of Health. The platform can accommodate up to 3000 participants. Over 1000 participants joined the webinars in 87% of the sessions. Health providers from diverse disciplines across the country joined the webinars. In addition, 10 symposia were held. Topics covered included paediatrics, healthcare quality and social health insurance. Through the KNH-UoN webinar, we have been able to participate in the commemoration of global health days, such as but not limited to World Cancer, HIV, Hepatitis, Patient Safety and Asthma Day.

KNH-UoN Webinars

1. Social Health Insurance
2. Paediatric management
3. Patient Safety
4. Haemophilia
5. Patient Rights Charter

Publications

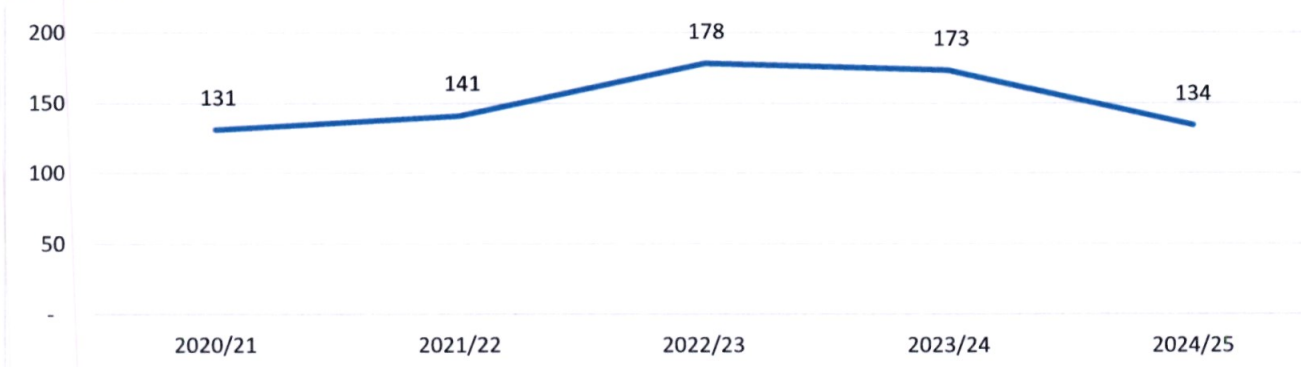


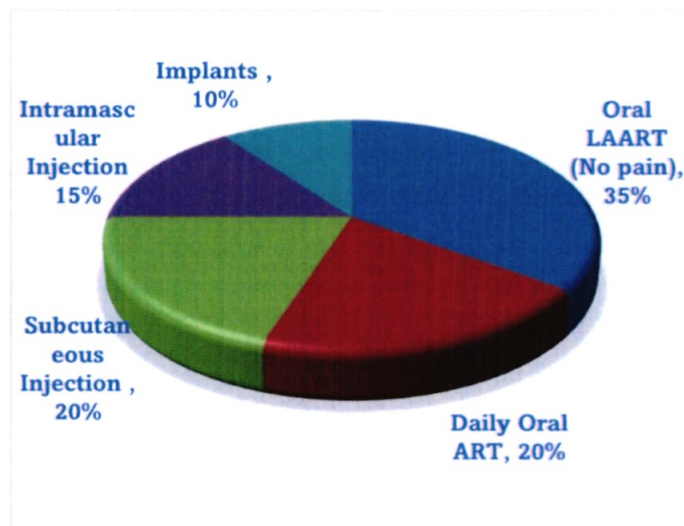
Figure 19: Number of Publications Reviewed Journals

The number of publications in peer-reviewed journals in 2024 was 134, a decrease of 173 from 2023. The Hospital organises manuscript writing workshops to support staff in acquiring manuscript writing skills. In January this year, the University of Washington Centre for AIDS research supported a manuscript writing workshop at the KNH training and research Centre,

Policy briefs

The hospital, in collaboration with the department of research and the ministry of health, organises policy brief trainings for staff. This year, in addition to the online policy brief trainings, we held an in-person half-day training on the 25th of April 2025, KNH Training and Research Centre. This training was moderated by representatives from the Ministry of Health. The Hospital also submitted 3 policy briefs to the Ministry of Health.

Policy Brief 1: A Cry for long-acting antiretroviral therapy for HIV in Kenya.

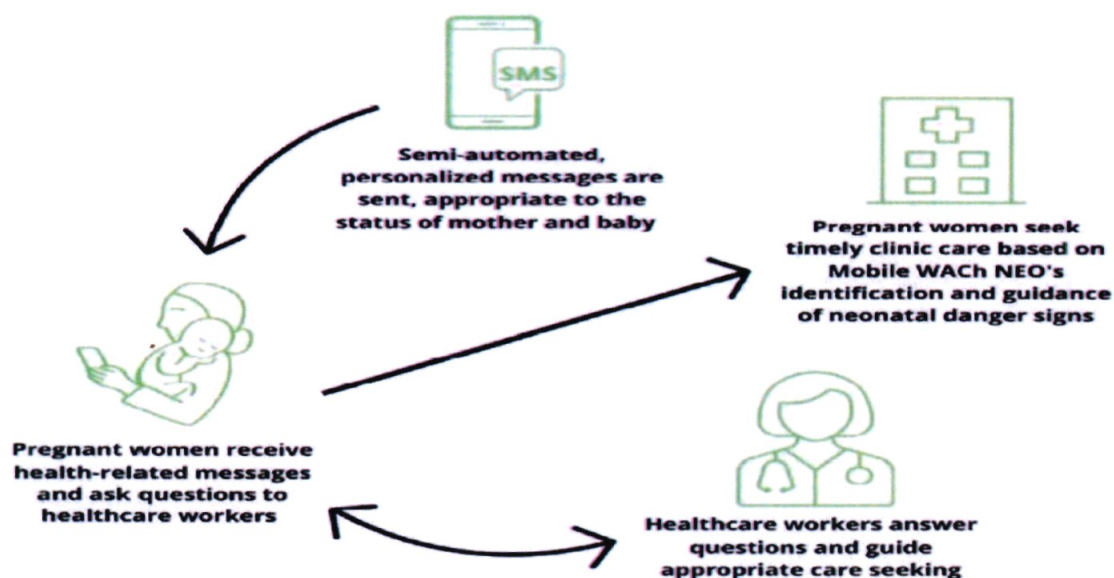


Oral antiretroviral therapy (ART) is associated with several challenges, including frequent dosing, treatment interruptions, pill burden, stigma, and the risk of inadvertent HIV status disclosure. These barriers can contribute to poor adherence, resulting in unsuppressed viral loads, ongoing HIV transmission, increased drug resistance, and higher morbidity and mortality. Long-acting antiretroviral therapy (LA-ART) offers a promising alternative by potentially improving adherence and viral suppression, while also reducing the overall cost of HIV care through fewer clinic visits.

Figure 20: Antiretroviral Therapy methods

Key informant interviews conducted at the Kenyatta National Hospital (KNH) Comprehensive Care Centre indicated a strong preference for LA-ART among people living with HIV (PLWH) in Kenya. Intramuscular injections and long-acting oral pills emerged as the most appealing options. Informants highlighted that LA-ART could be especially beneficial for adolescents in boarding schools and for stigmatised populations such as sex workers.

Policy Brief 2: Text Communication with a nurse during the peripartum period does not prevent neonatal mortality A randomised controlled trial of 5,013 women tested the effect of interactive text message communication with a nurse among pregnant and early postpartum women to determine if it could reduce neonatal mortality in Kenya. Text messages provided information about essential newborn care, encouragement to seek care for neonatal danger signs, and answers to mothers' concerns. This trial demonstrated that the text messaging service was extremely popular with the participants, and they almost universally (96%) wanted it to continue beyond the study. It showed that the intervention increased care-seeking for mothers and babies but did not reduce neonatal mortality. Two-thirds (64%) of neonatal mortalities occurred in the facility around delivery, a time when text messaging interventions are not suited to address these deaths, pointing out that the health system challenges are the main driver of neonatal mortality. This study highlighted the need for combined system and community interventions that not only address demand generation but also include process improvements in newborn care



Policy Brief 3: Client preferences for long-acting antiretroviral therapy for HIV: A discrete choice experiment conducted in Nairobi, Kenya

Currently, 14% of diagnosed persons living with HIV (PLWH) in Kenya are not taking antiretroviral therapy (ART), and 19% of those on ART have unsuppressed viral loads. Long-acting antiretroviral therapy (LA-ART) may increase viral suppression by promoting ART uptake and adherence. A study conducted among 700 participants from the KNH CCC and two Sex Worker Outreach Program (SWOP)

clinics in Nairobi, Kenya, between January 2023 and February 2024 aimed to understand the preferences of Kenyan clients for different LA-ART modalities that are becoming available.

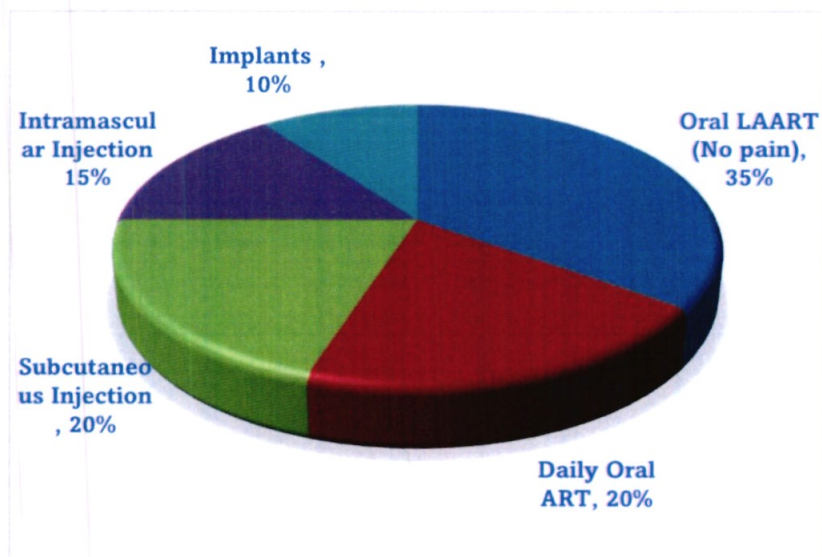


Figure 21: Preference for Administration of Long-Acting ART

These participants participated in a discrete choice experiment consisting of 2 hypothetical LA-ART alternatives and current daily oral therapy to understand the preferred mode (LA-ART oral pills, injections under the skin, injections into the muscle, implants), pain (none, mild, moderate), frequency (weekly, every 1 month, every 2 months, or every 3 months) and location of treatment administration (clinic, chemist, home). Participants strongly preferred the hypothetical LA-ART options over their

current daily oral ART, and oral LA-ART with no pain was the most preferred. Less frequent dosing was preferred, along with drug administration at clinics over chemists and at home. Participants preferred having longer leeway after a late dose and no requirements related to viral load suppression and negative reaction testing.

Key Hospital Projects

The hospital has implemented various projects aimed at enhancing the provision of specialised healthcare, expanding specialised services and increasing efficiency in service delivery. The capital projects implemented in the period under review are: -

1. Refurbishment/Renovation and Replacement of Obsolete Equipment

- (a) **Renovation of the 8th Floor** – The project's scope entails demolishing masonry walls, walling, partitioning, painting, and curtain partitions. The estimated cost is KES. 102,264,152.50 and gas piping at an estimated cost of Ksh: 13,564,390.40, builders' works, and is being financed by the Government of Kenya. The project commenced on 29th August 2022, and the revised completion date is 31st March 2025. The project is 98% complete. The project will be handed over to the Hospital in July 2025.

PICTORIALS

Bridge way to wings C & D



Bridge way to wings A & B



Walkway



Nurse Station



- (b) **Renovation of the 7th Floor;** The Scope of the project entails the demolition of masonry walls, walling, partitioning, painting, and curtain partitions. The Hospital has held user engagements and finalised the development of bills of quantities; the tender was awarded on 28th February 2025 at Ksh 129,533,056.00. The Contractor was handed over on 12th June 2025, and works are expected to commence once the 8th Floor is officially handed over to the Hospital in the Month of July 2025.
- (c) **Replacement of Obsolete Equipment;** This project entails the replacement of obsolete equipment within the Hospital. The Hospital has prioritised the obsolete equipment needed, developed specifications, and tendered for procurement. The Hospital is awaiting the delivery, installation and equipping of this equipment. The project is currently at 80%

2. Construction and Equipping of Cancer Treatment Centre

The state-of-the-art Centre of Excellence, Phase 1, is a three-storey building on the second floor with a basement to house outpatient clinics, laboratory, chemotherapy, and related services.

Phase 1: The Project is being financed by the Government of Kenya at an estimated cost of 293 million. The Project commenced on 23rd August 2023. The Contractor Handed over the building to the Hospital on 27th July 2023 at 100 % complete, and the Hospital began operationalisation of the building in October 2023.

Phase II: The Technical team developed the bills of quantities and drawings for the structural works in phase two. The tender documents have been developed and stakeholder engagement held, awaiting publication.

Construction and Equipping of Radiotherapy Bunkers: The Project Scope entails the construction and equipping of two (2) bunkers next to the Cancer Treatment Centre at an estimated cost of KES. 96,789,750 and is funded by the Government of Kenya.

The project commenced on 29th August 2022, and works tendered are 100%. The Final Certificate is

The side view of the bunkers building at UPS equipment room



Side view of Radiotherapy Bunkers; The facility and landscaping



under review. The completion certificate was issued, and the defects liability Period (DLP) is expected to end on 31st October 2025. The Project was handed over to the Hospital on 22nd May 2025.

3. Construction and Equipping of Medical Oxygen Generating Plant

The project entails the construction and equipping of a medical oxygen generating plant at an estimated cost is Ksh. 443,659,400 and is being financed by the Government of Kenya.

The project commenced on 18th October 2022 and is expected completion date of 31st August 2025. Construction Works for the oxygen plant are 95% complete. Practical Installation of the plant is 95 % complete. Currently, the contractor is modifying the plant's design configuration due to site constraints. Additionally, the zeolite material in the system is being replaced as part of the adjustments.



The project is funded by the Government of Kenya, the African Development Bank (AfDB), the Arab Bank for Economic Development of Africa (BADEA) and Saudi Fund for Development (SFD). The Project commenced on 31st August 2018 and was expected to be completed on 31st December 2023. The Contractor and consultant contract was extended to 31st December 2024. The Hospital is waiting for a no-objection for the contract extensions from the financiers.

The current completion rate is 90% of builders' works (40% overall).

The Hospital has prioritised the procurement of the equipment to operationalise the Facility and has received a “no objection” from SFD, awaiting feedback from BADEA.

Once the projects are complete, the facility will be operated by the Hospital management, like all the other departments within the hospital, with a budgetary allocation since the project is an expansion of the same services.



5. Projects Funded by the Sports, Arts and Social Development Fund

- a) **Medical equipment:** Equipment worth KES.500,193,389 was procured through KEMSA to replace obsolete equipment and equipment of Zarina Merali Daycare Surgical Centre.
- b) **Steam Generating Boiler and Reticulation System:** The Hospital led the procurement of steam generating boilers and reticulation system worth KES.126,881,631.00 and sought approval to procure prioritised items that were non-responsive in the tender using the balances realised.

The Installation of two boilers and a steam condensate reticulation system is complete, commissioned, and in use. 96.5 % of the equipment procured through KEMSA has been delivered, accepted and installed.

The Hospital sought approval to procure prioritised items that were non-responsive in the tender using the balances realised. The Hospital retendered the prioritised non-responsive equipment in April 2023 and August 2023, evaluation was done, and contracts and some of the equipment have been delivered. In June 2024, the Hospital has tendered some equipment with the budgetary balance of KES. 2.8 million, awaiting delivery and commissioning.

c) Expansion of Specialised Health Services

The Hospital received approval of KES.667,136,605.00 for the acquisition of prioritised equipment for the expansion of specialised health services. The focus areas include theatres, cardiology, specialised surgery, and medicine, among others.

This project is expected to reduce the turnaround time for patient care, especially for patients in need of critical and emergency services. It will also enable the Hospital to effectively implement the referral system in a manner that enables efficient access to treatment by critically ill patients.

- i. The tender outcome was above the budget, and the Hospital reprioritised the equipment to fit the available budget.
- ii. The Management is awaiting disbursement of funds from the sports fund.
- iii. The Hospital received an Authority to incur expenditure (AIE) amounting to Ksh 114 million for the international radiology suite that was above budget, but the funds are yet to be disbursed to KNH.

The Project is expected to commence once funds are disbursed.

d) In Vitro Fertilisation Centre of Excellence

The Sports Fund approved the allocation of KES.133,595,940.00 towards the establishment of an In Vitro Fertilisation Centre of Excellence at KNH. The project will entail renovation of the existing infrastructure at the Reproductive Health Clinic 66 and the requisite medical equipment.

The Ministry of Health disbursed funds for the project and equipment in November 2024, and LPOs have been issued to suppliers.

The Construction Contractor was handed over the site on 24th February 2025, and the project is expected to last for 6 months (25th July 2025) at an estimated cost of Ksh. 12,815,550. The Project is currently 40% complete, and the Equipment was awarded at a cost of Ksh 109,533,309 and will be delivered and installed thereafter.

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Partnerships and Collaborations

In the Financial Year 2024/2025, the Hospital intensified its resource mobilisation efforts through strategic partnerships that have significantly contributed to improving infrastructure, service delivery, and patient care. These collaborations have enabled the Hospital to address critical gaps in resources and extend its capacity to meet the growing healthcare needs of the community.

Key areas supported by partners include the renovation of inpatient wards, procurement of essential medical equipment, and provision of psychosocial support for both paediatric and adult oncology patients and their caregivers. Further support was extended through the supply of life-saving medication, settlement of hospital bills (including NHIF and SHA contributions), and facilitation of patient care during medical camps and the observance of World Health Days.

These partnerships have greatly enhanced the Hospital's ability to deliver quality healthcare services, ease the financial burden on vulnerable patients, and promote integrated, people-centred care.

The Hospital sincerely thanks all our partners for their generous contributions and continued commitment to improving health outcomes. Your support has had a direct and lasting impact on the lives of our patients and is deeply appreciated.



Renovation of Ward 3B Nelson Mandela Day 18th July 2024



Donation of Play material to the Paediatric patients



Donation of Hospital beds by the ACK church

Donation of wheelchairs, walking aids and Christmas package to the orthopaedic paediatric patients by the League of Friends



Donation of Mama packs to the postnatal wards (New mothers)



Paediatric Oncology children having a day out at the Museum.



Donation of Medical equipment to the paediatric oncology unit

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Table 5: List of KNH Partners in FY 2024/25

No.	Partner
1	ACCA
2	Ace Pharmaceutical
3	Afresh Chapter
4	Africa Heart Foundation
5	Allo Hope Foundation
6	Amalia Nutritive Supplies
7	Amica Sacco
8	AMREFD
9	Angaza Organization
10	ARVS GoK GF Counterpart Funds
11	Astra Zeneca
12	Beta Healthcare International Limited
13	Big Bold Red Agency
14	Braemag Sacco Society- 13th December 2024
15	CCC Lab
16	Centrale Humanitaire medico-Pharmaceutique
17	Cipla Pharmaceuticals
18	Clinton Health Access Initiative & Essilor Luxottica- ATscale project
19	Clubfoot Care for Kenya
20	Cosmos Limited
21	Dawa Life Sciences
22	Dawa Limited
23	Direct Relief
24	Divine Group
25	Dr. Mburugu and Family
26	EAI-IRERI
27	Edwin Kagwima
28	Faraja Cancer Support Trust

No.	Partner
29	Fleming Fund
30	GDF
31	Glenmark
32	GLOBAL FUND TB & HIV GRANT
33	Guardian Bank
34	Harleys Limited
35	Hatch Technologies Solution
36	Health Classique Limited
37	HEART Africa Ltd
38	Hearts of Compassion
39	Highridge pharmaceutical
40	Hope Mobility
41	Hotpoint Appliances Ltd
42	IAEA
43	Imarisha Mabati Ltd.
44	Innocca pharmaceutical
45	Isaac McBride
46	ISON Experiences
47	Jackilne Shukrani Peter
48	Joseline Ilukasafali
49	KEMSA
50	Kenya Cardiac Society of Kenya
51	Kenya Mended Hearts Association, Brookside
52	KMAT Housing Limited
53	KNHLF
54	Krishna Chemists Limited
55	Lela and friends
56	Leo Club Swaminirayan
57	Les Amis De La Survie

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No.	Partner
58	Life for a Child
59	Lions Club Karen & Nairobi
60	Lydia Koimburi/Christine Ndinda
61	Management University of Africa
62	MAP-AMR Kenya
63	Mary Muthoni & Grace Wamuyu
64	Media Council of Kenya
65	MEDS Centre
66	Ministry of Health
67	Miss Tourism – Nyeri County 2024
68	MOH-TB PROGRAM (DNLTD)& CHRP and ARVS
69	M-Pesa Foundation
70	Ms. Joyce
71	MSAKE (UON)
72	Nairobi Enterprises Ltd
73	Nest 360
74	Nexus Medical
75	Nice & Lovely
76	Novo nordisk
77	Nyeri County
78	Patras Pharmacy Day
79	PCEA ST. Andrews
80	Phillips Therapeutics Limited
81	Prime Health Pharma Ltd.
82	Princess Maximus
83	Prisons Staff Training College
84	RAD-AID International
85	ROCHE Diagnostics
86	Rophine Field Group of Schools

No.	Partner
87	Safaricom Foundation
88	Semer pharmaceuticals
89	Smiles for children
90	Sophy Karimi & friends
91	South African High Commission
92	Square pharma
93	Stanford/Kaiser
94	Surgilinks
95	Tec-Trail Ltd
96	Tetu Vocational
97	Transcentury
98	True Blessers
99	Universal Ltd
100	UON Finance Dept.
101	USAID
102	Value 8 Tech Company
103	Varni Corporation
104	Vayu Global Health
105	Vital Solutions
106	Warrior Glow
107	Wigs & Wings
108	Zani properties

Risk Management Report

Effective risk management is essential for maintaining high-quality healthcare delivery, safeguarding institutional assets, and ensuring operational continuity at Kenyatta National Hospital. The hospital operates in a complex and evolving environment and faces a wide range of risks clinical, operational, financial, legal, technological, and reputational. To address these challenges, the hospital has adopted an integrated Enterprise Risk Management (ERM) approach that aligns clinical and administrative functions with proactive risk detection, assessment, mitigation, and control mechanisms, thereby enhancing patient safety and institutional resilience.

Risk Management Process

The Hospital risk management process is overseen by the Board of Directors, which is responsible for establishing an effective risk management strategy, with the Board Audit Committee ensuring the adequacy and efficiency of internal controls through audit oversight. The hospital has implemented operational and management controls supported by mitigation plans that address identified risks. These plans are continuously reviewed and validated by the Hospital Risk Management Committee and the Internal Audit team, ensuring a proactive and integrated approach to managing risks, safeguarding patient safety, and maintaining institutional resilience.

Risk Identification and Classification

The goal of risk management is to develop an integrated and effective framework to identify, quantify, prioritise, and manage significant risks, including climate-related ones, to achieve an optimal risk profile.

The identified risks are also classified into five categories:

- a) **Operational Risks** – These arise from inadequate or failed internal processes, people, systems or external events.
 - Process Risks: Linked to inefficient or broken hospital procedures.
 - People Risks: Risks arising from employee relationships with the Hospital.
 - External Risks: Risks arising from external socio-political, economic, environmental, legal, or technological changes beyond the hospital's control.
- b) **Strategic Risks** – These involve the selection and implementation of sub-optimal strategies, poor execution of plans, or the inability to adapt effectively to changing circumstances, which may hinder the achievement of the hospital's long-term goals.
- c) **Compliance Risks** – The risk of exposure to legal penalties, financial forfeiture and material loss, if the Hospital fails to act by relevant Government Statutes, industry laws and regulations, internal policies or prescribed best practices.
- d) **Financial Risks** – This category includes:
 - Credit Risk: The risk of profit or loss due to changing credit quality and the risk of loss from a counterparty failing to meet their obligations as and when they fall due;
 - Liquidity Risk: Risk of being unable to meet cash flow obligations as and when they fall due;
 - Market Risk: The risk of profit or loss due to a future movement in market rates, i.e. foreign exchange risk, Interest rate risk and price risk.

- e) **Technological Risks** – Risks associated with the exploitation of vulnerabilities in the hospital’s ICT infrastructure, which could result in data breaches, system disruptions, or loss of information assets.
- f) **Clinical Risks** – The risk of compromised quality and safety of health care services resulting in undesirable clinical care or clinical outcomes. Includes quality risks and patient safety risks.

Key Performance Highlights

- Training and sensitisation of risk owners on risk culture, awareness and management.
- Facilitating the development of risk registers at the departmental level stemming from the assessment of risks based on set objectives for the year.
- Continuous provision of guidance and collaboration with all directorates and departments to update their risk mitigation status every quarter.
- Review of risk management policy.

Summary of Principal Risks & Opportunities Evaluated During the Year

Principal risks are risks that can materially affect our strategy. These are determined through a strategic risk review process where top risks are identified and assessed by executive management committees and the hospital risk Committee. The hospital’s risk landscape is reviewed regularly by the Hospital Risk Committee and the Board. Political, economic, social, technological, environmental and legal developments that may impact the hospital operations and strategy in the short, medium or long term are reviewed to identify emerging risks. During the year under review, the following risks continued to be monitored, and additional risks were identified.

Risk index

An assessment of the KNH strategic Olan risk exposure was conducted. The assessment shows that the hospital Risk index is at 2.55%, which can be interpreted as “Moderate risk” with Minor impact and unlikely event. The appropriate action is continuous monitoring of the risk exposure.

Status of mitigation measures

The table below provides an overview of the key strategic risks identified in the KNH Strategic Plan 2023-2027.

Figure 22: Risk Mitigation Measures

Risk Factor	Mitigation measures
Strategic Risks	Prioritised all the planned initiatives each year in its 5-year plan.
	Mobilise funds through partners and donors.
	Held a strategy sensitisation session on 13 th March 2023 for all staff.
	Quarterly monitoring and reporting of strategy implementation.
Financial Risks	Implementation of SAP-ERP, e-hospital, and e-citizen platforms
	Increased the Debt Man agent Committee meetings from one to two sessions weekly.
Operational Risks	Development of a Staff retention strategy.
	A disaster management policy has been developed.
Competitive Risks	Conducting regular customer satisfaction surveys
	Effective public relations
Technological Risks	The implementation of SAP-ERP is ongoing, and structured cabling is being used.
	An in-house data centre with a cloud back-up has been established.

Financial Highlights

Performance Results

The hospital recorded a deficit of Kshs. 2,686 million for the year under review, compared to a deficit of Ksh. 300 million in the previous year, as shown below.

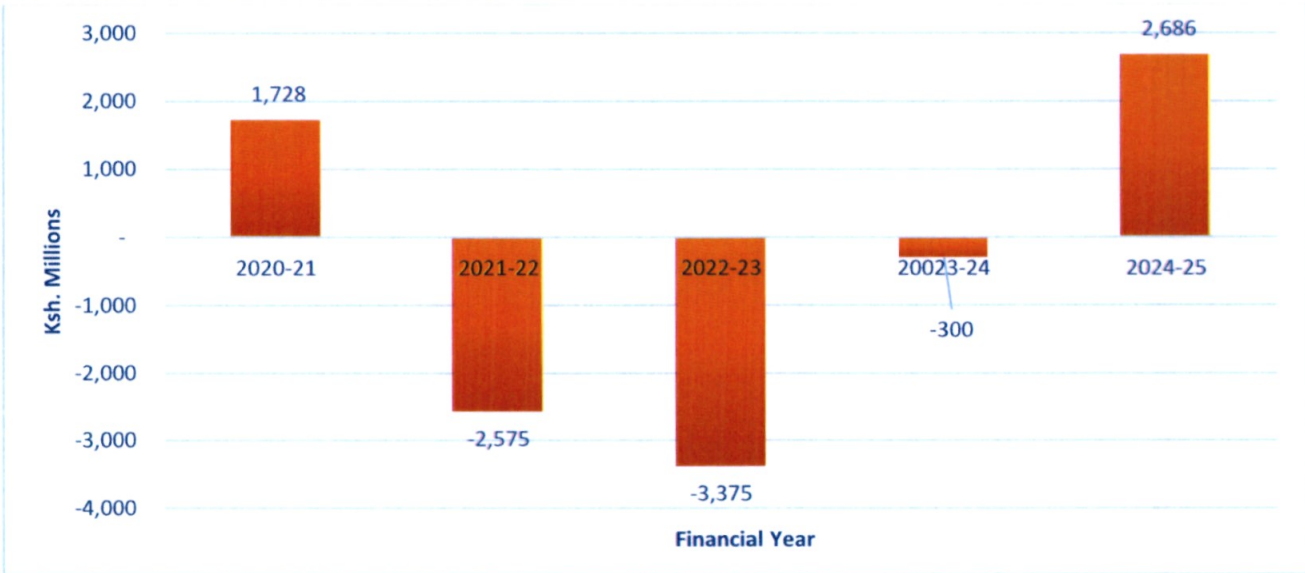


Figure 23: Performance Results

This increase in deficit is mainly attributed to a net actuarial loss in the net defined liability of Ksh. 1,213,250 related to the defined benefit pension scheme recognised during the year. The deficit is also due to provisions for bad and doubtful debts associated with receivables from indigent patients who are unable to settle their medical bills upon discharge, for which the hospital does not receive compensation. Additionally, reimbursement rates under the NHIF, Social Health Insurance Fund & ECCIF contracts have been below the cost of medical bills, thus contributing to the medical contract losses as illustrated in the chart below.

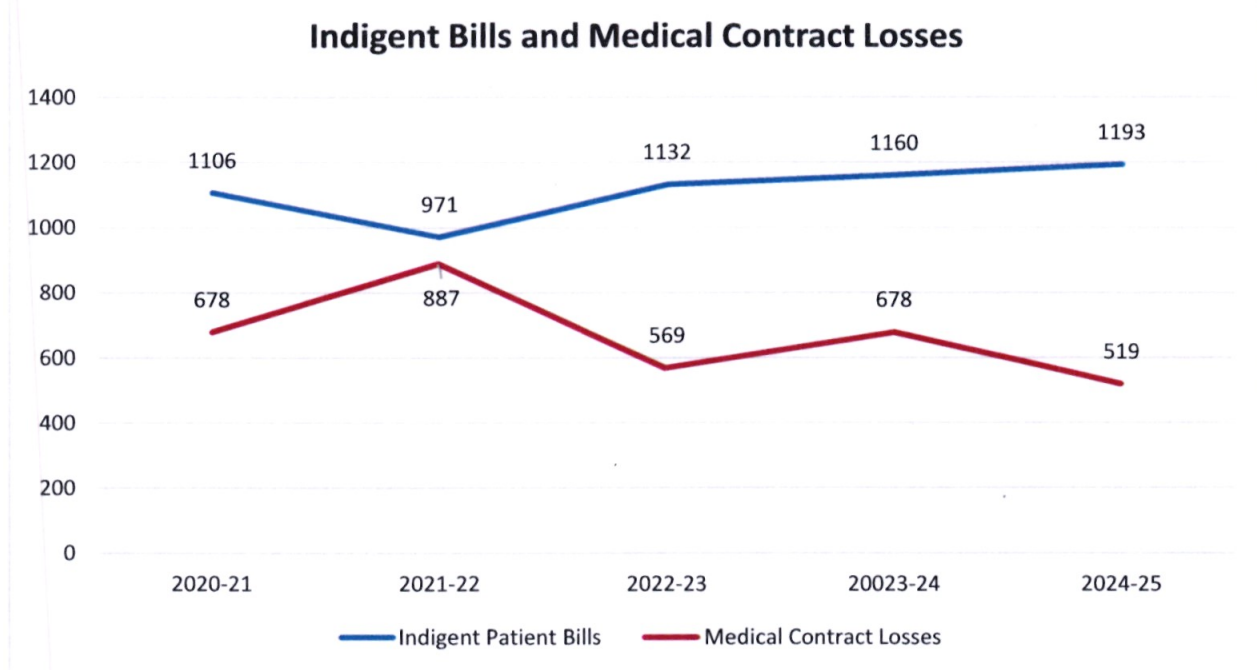


Figure 24: Indigent Bills and Medical Contract losses

Revenue and Expenditure

The hospital's income sources during the year under review include a recurrent grant from the National Government and internally generated revenue from fees charged for services rendered. These funds were utilised to cover employee costs, as well as operating and maintenance expenses. The trends in revenue and expenditure are shown below:-

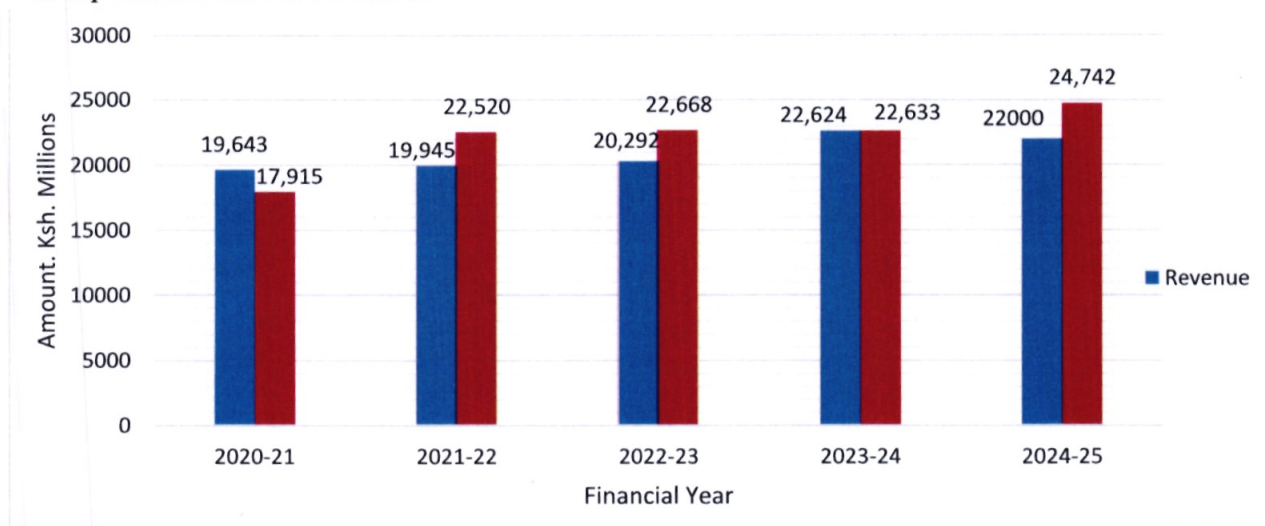


Figure 25: Revenue and Expenditure Trends

Income Sources FY 2024/25

Utilisation of Funds FY 2024/25

Figure 26: Income Sources

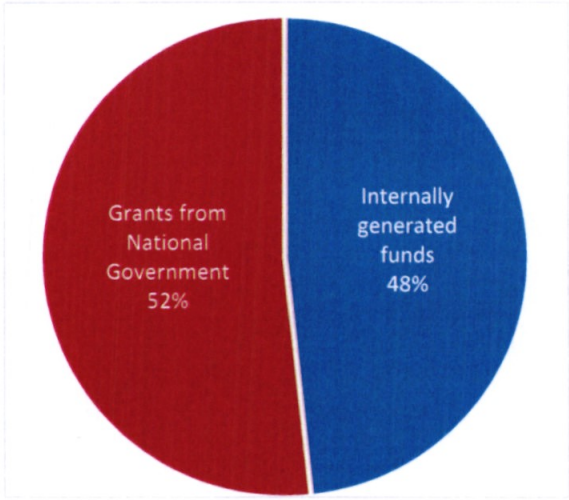
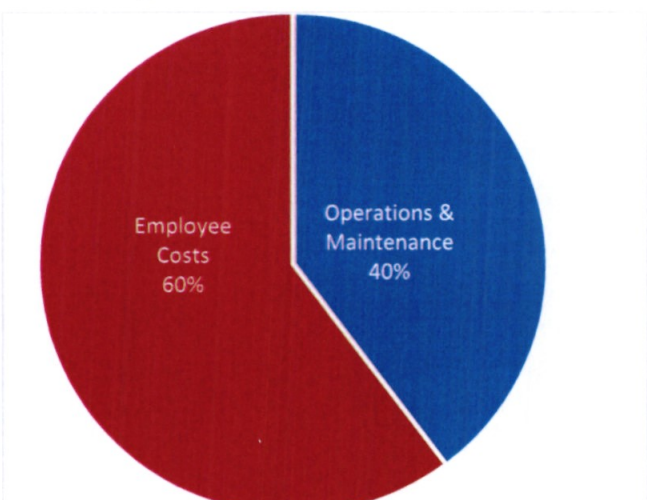


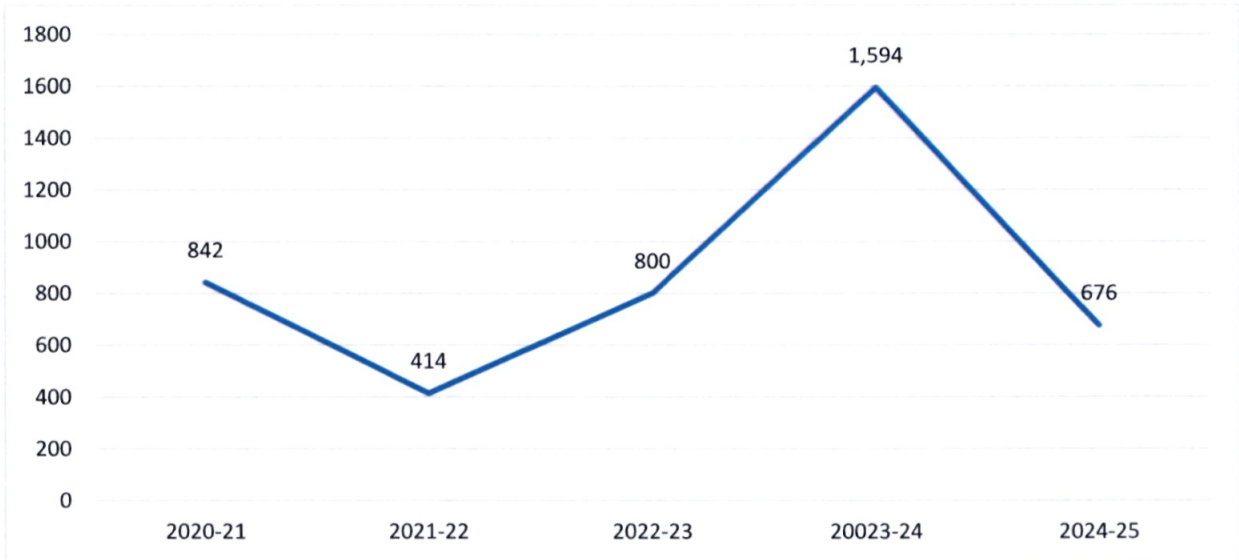
Figure 27: Utilisation of Funds



Capital Grants Allocation

The Hospital receives allocations from the National Government specifically for capital expenditure, which supports development projects. The allocation for capital expenditure over the last five years is shown below:

Figure 28: Capital Grants Allocation

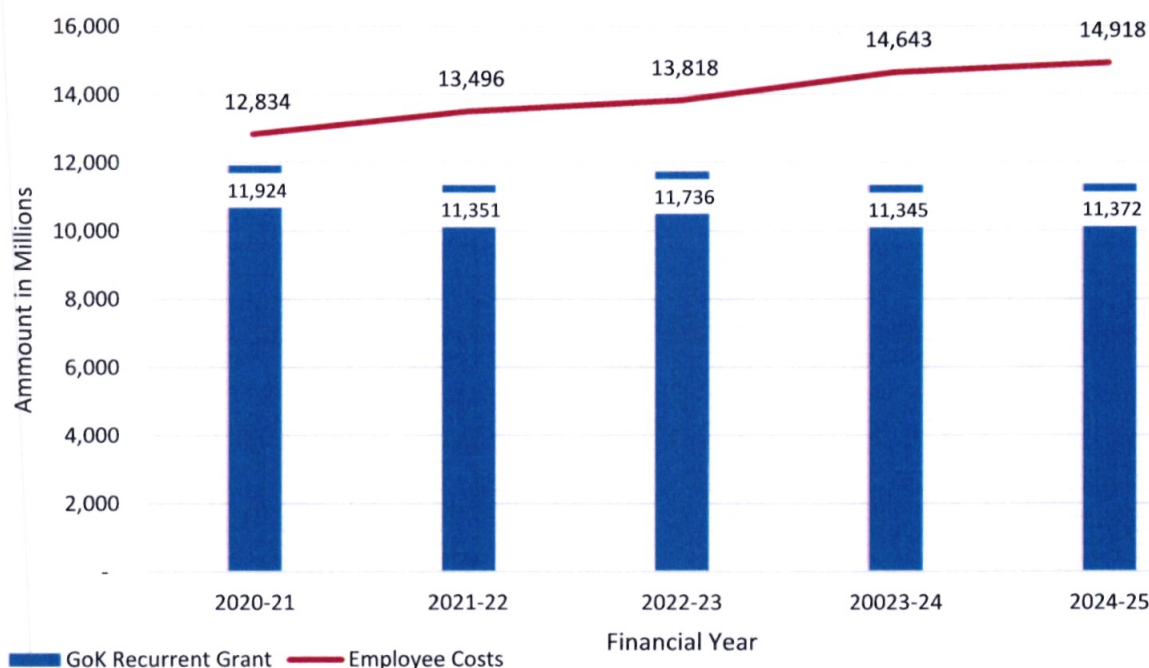


Recurrent grants from the National Government vs. Employee costs

During the year under review, the Government of Kenya allocated Ksh. 11,372 million for employee costs, which was below the actual cost of Ksh. 14,918 million. To bridge this funding gap, the Hospital utilises internally generated funds. The funding gap is depicted in the figure below.

Figure 29: Employee Cost Funding Gap

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10. Environmental and Sustainability Reporting

Our Approach to Sustainability

The hospital uses an integrated approach for planning and reporting on significant sustainable development matters, which are embedded in the strategic initiatives and responsibilities assigned. This approach makes it easier for the whole hospital to understand, manage and evaluate sustainability-related data and performance. We are committed to transparency and accountability and continue to enhance stakeholder confidence through proactive monitoring and regular reporting on our progress toward the attainment of the Global Sustainable Development Goals.

Environmental	Social	Governance
▪ Sustainable use of clean water ▪ Energy consumption ▪ Waste management ▪ Innovation & Research	▪ Human capital ▪ Employee Health and Safety ▪ Employee Training ▪ Equality in supply chain	▪ Hospital-wide policies ▪ Supply chain inclusivity ▪ Diversity

During the reporting period, the Hospital embarked on a journey to develop an ESG strategy. This will include an ambitious set of key ESG priorities and objectives along with numerous initiatives that we will be undertaking to ensure the long-term viability and sustainability of our activities.

Environmental Performance

The Hospital recognises that its primary environmental impacts arise from the consumption of resources—namely energy and water—and the generation of both healthcare risk waste and general waste. While the nature of our operations inevitably affects the environment, we remain committed to minimising this impact through responsible and efficient resource management.

Our approach to environmental sustainability focuses on continuous improvement and compliance. During the reporting period, we are pleased to report that there were no incidents of material non-compliance with applicable environmental laws or regulations. This reflects our ongoing efforts to uphold environmental standards while delivering quality healthcare to our stakeholders.

a) Energy

The Hospital relies on both renewable and non-renewable natural resources. The rising electricity costs in the market necessitate ardent investments and a transition to efficient and sustainable alternatives. During the reporting period, electricity costs reduced by 10%. To realise this, the Hospital installed energy-efficient LED lighting, modernised ICT infrastructure, and deployed modern equipment across departments. The hospital equally conducted energy audits to improve operational efficiency. Furthermore, staff engagement was prioritised to promote behavioural change and cultivate a culture of energy consciousness.

b) Water

Water is critical to our operations, as disruptions to water supplies could lead to severe interruption of the hospital's ability to offer services. The hospital, therefore, has put in place Initiatives that support sustainable water usage. During the year, water usage reduced by 4%. To mitigate the increased cost of water utility, the hospital has constructed two boreholes.

c) Waste management

Healthcare waste is an inevitable by-product of our operations. The Hospital has put up measures to ensure that waste generated in the hospital is segregated and disposed of appropriately. In this regard, waste segregation is monitored with a target set on an annual basis. Proactive procedures are in place to track any areas with non-compliance to the set targets, and action plans are implemented to enhance improvement. Further, regular sensitisation on waste segregation is conducted among waste generators. Additionally, the hospital has in place incinerators and a microwave plant that are used to dispose of clinical waste.

During the year under review, our medical waste segregation compliance rate stood at 96.8%, and achieved a positive variance of **0.62 %** against a set annual target of **96.2%** following continuous sensitisation as well as implementation of improvement actions towards waste segregation. Further, the Hospital is committed to ensuring regular maintenance and upkeep of the incinerators and microwave plant to mitigate the recurrence of frequent breakdowns experienced during the period.

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Average Waste Generated per Month

Average waste generated per month			
General waste	Clinical	Unsegregated -clinical	
197,165 kgs	421,667.50	92,890kgs	
Total clinical waste generated and incinerated (Kgs)			
Sharps	Clinical	Cytotoxic	Pathological
6,691.80kgs	174,546.80kgs	3527kgs	3931kgs

Waste segregation compliance rate

Quarter 1	Quarter 2	Quarter 2	Quarter 3
96.0	95.9	95.8	96.8
Average Score	Compliance	96.13%	
	Non-compliance	3.87%	

Waste Generated in FY 2024/25

Quarter	Clinical	Cytotoxic	Patho.	Sharps	Microwave
Quarter 1	127,218	2,388	1,940	5,456	192,712
Quarter 2	166,230	3,288	3,608	6,548	102,875
Quarter 3	220,673	3,782	3,081	7,204	68,992
Quarter 4	184,066	4,650	7,095	7,559	155,131
Total	698,187	14,108	15,724	26,767	519,710
Average/month	174,546.8	3,527	3,931	6,691.8	129,928

d) Infrastructure and Green Building Plans:

During the period, the Hospital conducted renovations that included the renovation of theatres, renovation of levels 8 and 7, Doctors Plaza and the training centre. These renovations have included aspects of sustainable design, such as improved ventilation, natural lighting together with energy and water efficiency.

Employee Welfare

a) Employee engagement

We recognise that poor employee engagement and well-being can lead to, among other risks, poor clinical outcomes and services and Reputational damage. The Hospital therefore encourages and enables continuous employee engagement across the entire organisation through various methods, including employee satisfaction surveys, performance reviews, leadership training and employee wellness programs.

The Hospital has in place a well-established performance management process where employees engage in conversation with their supervisors to align their performance targets to departmental expectations and goals to ensure the focused and deliberate contribution of each employee to the team and ultimately to the departmental and Hospital goals. Additionally, employee performance is monitored continuously through the performance appraisal system, which provides employees with an opportunity to identify appropriate learning opportunities that can optimally enable their performance and support career growth. During the period, employee engagement improved as enhanced by the effective execution of employee engagement action plans.

b) Employee Wellness and Safety

The Hospital depends on the skills, knowledge and experience of employees, especially professionals, to implement our strategy. This makes people our most important asset in achieving our success. The Board and management have put in place measures to help identify employee expectations. Among the identified employee expectations are fair remuneration and reward, Job satisfaction, Training and development opportunities, diversity and inclusion and a safe work environment. We are committed to responding to employee needs and expectations to maintain an engaged and loyal workforce that will help deliver the Hospital's strategic objectives.

The Human resource manual, policies and career establishment are approved by the Board and form part of our operating policies and protocols. In a continually evolving context, we continually review our Human Resource policies to ensure our approach remains relevant, fair, and responsible. Over the past year, a wide variety of initiatives and activities were tailored to cover different aspects of employee well-being and safety including but not limited to the implementation of the employee of the year excellence award, investment in career growth and development through implementation of training and development programmes and regular campaigns related to employee health and emotional, mental and financial wellness.

c) Diversity and Inclusion

The Hospital Board and executive management are dedicated to diversity and inclusion. This is strongly demonstrated by their commitment to building a workforce that reflects our commitment to equal opportunities regardless of, among others, race, gender, age, disability, religion, political belief or activity. During the year under review, substantial progress has been made to promote diversity in our workforce to align with the communities we serve. This has resulted in culture change initiatives being launched across the hospital, which have strengthened our ability to implement our succession planning.

d) Governance

The Board of Kenyatta National Hospital is firmly committed to upholding the highest standards of corporate governance and ethical conduct. To support this commitment, the hospital has established a comprehensive set of policies, procedures, and standards that promote integrity, transparency, and accountability in all operations. These frameworks foster a culture where the hospital's core values are consistently demonstrated in day-to-day activities. To enhance Governance structures, the Hospital implemented the following:

Employee Training and Ethical Culture: Employees received regular training on the Code of Ethics and relevant institutional policies to ensure widespread understanding and adherence. This education reinforces a workplace culture that prioritises ethical behaviour and respect for human rights and dignity.

Incident Management and Compliance: Over the past year, most reported incidents were grievance-related, with a small number of highlighting cases of unethical or fraudulent activity. All reported cases were thoroughly investigated, and appropriate corrective actions were taken. Notably, the hospital was

not subject to any major fines or regulatory sanctions during the reporting period, reflecting its compliance with relevant laws and regulations.

Data privacy: The balance between the implementation of digitisation programs and the commitment to protect stakeholders' data is key to the delivery of quality care to patients. Being aware of its exposure to Cybersecurity risk, the hospital is continuously investing in information security controls to enhance the existing security measures and safeguard stakeholders' data. During the period, the Hospital implemented proactive measures towards maturing cybersecurity practices, consequently minimising the likelihood and impact on data security and privacy. Among the measures implemented were but not limited to, an Employee awareness campaign on information and cybersecurity and data privacy, as well as the development of a Data privacy policy

Market Place Practices

a) Responsible Competition Practices

Kenya National Hospital (KNH) is committed to maintaining the highest standards of integrity, fairness, and transparency in all aspects of its operations. As a leading public healthcare institution, the hospital recognises its responsibility to uphold ethical business conduct, especially in areas related to competition, governance, and stakeholder engagement. During the period under review, the Hospital implemented the following towards ensuring responsible and ethical competition:

- i) **Key Ethics and Anti-Corruption Initiatives:** To further strengthen ethical practices and prevent misconduct, the hospital has implemented several initiatives:
- ii) **Confidential Whistleblower Hotline:** An independent, anonymous reporting channel allows employees and stakeholders to report unethical behaviour or concerns confidentially.
- iii) **Hospital Anti-Corruption Committee:** This committee conducts regular assessments of corruption and fraud risks, providing reports and recommendations to both management and the Board.
- iv) **Board-Approved Anti-Corruption Policy** A formal policy guides all staff and stakeholders in recognising and addressing corruption risks within the organisation.
- v) **Anti-Bribery and Ethics Awareness Campaign**
Ongoing campaigns are conducted to raise awareness among staff and suppliers regarding the hospital's zero-tolerance stance on bribery, sexual harassment, discrimination, and unethical behaviour.
- vi) **Political Neutrality and Responsible Involvement** KNH remains politically neutral and does not support or engage in political activities that could influence its operations or undermine its public service mandate. The hospital prohibits the use of hospital resources for political purposes, ensures that employees do not represent the hospital in political engagements and complies fully with public sector regulations regarding non-partisan service delivery.
- vii) **Fair Competition:** KNH is a public institution that upholds the principles of fair and open competition, particularly in procurement and supplier relationships. Key practices include:
 - Adherence to the Public Procurement and Asset Disposal Act (2015) and its Regulations (2020).
 - Transparent and competitive tendering processes with clear evaluation criteria.
 - Equal treatment of all bidders and provision of debriefs to unsuccessful applicants.
 - Prevention of any favouritism or conflict of interest in supplier selection.

- viii) **Respect for Competitors:** KNH operates in a collaborative spirit with other health institutions and respects the work of both public and private sector counterparts.

b) Optimised Supply Chain

Kenya National Hospital has implemented comprehensive systems to uphold consumer rights and interests while ensuring a safe, supportive environment for both patients and staff. The hospital maintains robust quality and safety standards, which include stringent infection prevention and control measures, as well as the accurate maintenance of medical records. These efforts help reduce healthcare-associated infections, prevent medical errors, and promote overall patient safety.

Reliability of our supply chain and utilities is crucial to the sustainability of our services. The Hospital therefore strives to build long-term relationships of mutual trust and respect with suitable suppliers to ensure a sustainable and uninterrupted supply chain and ethically sourced products. The Hospital has put measures in place to ensure fair and transparent selection of our employees and timely payment. This is achieved through the established project management system that monitors the implementation of major projects and regularly considers and addresses fraud and ethics concerns raised specifically for the supply chain. Further, we have robust service level agreements and contract management in place so that there is no ambiguity regarding the services we require and steps to take if problems in service delivery arise. Additionally, the Hospital largely procures in the local markets of operations.

Procurement processes at the hospital adhere strictly to the Public Procurement and Asset Disposal Act 2015 and its 2020 regulations. All items purchased are subjected to specification conformity tests by Inspection and Acceptance Committees appointed by the Chief Executive Officer. Where needed, the hospital consults experts and relevant government institutions for technical quality inspections.

The hospital also adheres to the terms and conditions outlined in its procurement contracts, communication with the vendors is carried out promptly, with all the proper documentation, and they are consistently monitored through contract implementation committees to ensure all parties meet their obligations. This fosters trust and minimises disputes. Due to the critical nature of the supplies required in the hospital, the hospital ensures payments are made within agreed timelines. For the special category of suppliers, PPADA2015 has stipulated a 30-day payment waiting period upon delivery. In addition, the hospital follows established financial procedures to ensure payments are made within the agreed timelines, subject to the submission of accurate documentation and fulfilment of contractual deliverables. To promote efficiency and responsiveness, the Hospital maintains open lines of communication with suppliers. Regular feedback, meetings in the form of pre-bid conferences, and performance reviews, done by debriefing suppliers after tender awards to help address concerns proactively and support continuous improvement on both sides. The Hospital is committed to ethical business practices, avoiding favouritism or unfair treatment. It ensures that all suppliers are treated with respect, and any grievances or disputes are handled fairly through clear resolution mechanisms. By consistently observing these practices, the Hospital not only supports its suppliers but also safeguards the sustainability and reliability of its supply chain, ultimately benefiting the patients and communities it serves.

c) Responsible Marketing and Advertisement

At Kenyatta National Hospital, we believe that how we speak to the public matters just as much as the services we provide. As the country's oldest and largest referral and teaching hospital — and a trusted healthcare provider for millions across Kenya and the wider region — we take our responsibility to communicate with honesty and integrity very seriously. Unlike traditional advertising that focuses on sales or persuasion, our goal is to share accurate, helpful, and trustworthy information. Whether it's through public awareness campaigns, patient updates, or health tips, we aim to inform, educate, and empower individuals to make better health decisions.

Our communication is guided by strict professional and legal standards. We follow national laws and the ethical guidelines set by bodies like the Kenya Medical Practitioners and Dentists Council, the Pharmacy and Poisons Board, and the Ministry of Health. These frameworks help ensure that everything we share is truthful, verifiable, and in line with good medical practice. We also respect and protect personal privacy, following Kenya's Data Protection Act to the letter.

When we share stories about our patients or use their images, we do so with great care. We always seek written, informed consent and handle each story with dignity. We never use someone's medical journey to market our services without their clear approval, and even then, we focus on the story, not the promotion.

In the digital space, including our social media platforms and website, we've adopted a thoughtful, professional approach. Our online communication is handled by trained experts who ensure that content is respectful, accurate, and inclusive. We also actively moderate our platforms to prevent misinformation, answer public queries, and encourage meaningful engagement. Internally, KNH has systems in place to ensure that every communication, whether printed, spoken, or online, reflects our core values. We also invest in regular training for our marketing and communication team, so they stay updated on best practices in healthcare communication, media ethics, digital engagement, and patient rights. At its heart, KNH's communication strategy is about trust. We are here to serve, not to sell, and that means always putting the public's interest first. Our commitment to ethical communication reflects our wider mission: to offer quality, compassionate, and accessible healthcare to all.

Product Stewardship or Awareness Creation

Kenyatta National Hospital upholds the highest standards in safeguarding the rights and interests of its patients and the wider community. The Hospital recognises its responsibility to ensure that all health services and related information are delivered transparently, ethically, and with full regard for the protection of consumer rights.

Protection of Health and Safety

KNH prioritises the safety and well-being of patients, staff, and visitors through strict adherence to clinical protocols, infection prevention and control guidelines, patient safety audits, and incident reporting mechanisms. The hospital ensures that all equipment, pharmaceutical products, and medical consumables meet quality and safety standards approved by the Pharmacy and Poisons Board and other regulatory bodies.

Provision of Adequate Service Information

To empower patients and the public in making informed healthcare decisions, the Hospital provides clear, accessible information on available services, referral processes, clinic schedules, and Social Health Authority (SHA) benefits. Public sensitisation forums and patient education sessions are conducted regularly across departments to enhance awareness on entitlements under SHA, preventive health services, and the patient's rights and responsibilities.

Dispute Resolution and Redress Mechanisms

KNH has established a robust complaint-handling and feedback management system. The hospital operates a dedicated Customer Care Desk and suggestion boxes across service points to capture concerns, compliments, or grievances. Reported cases are documented, investigated, and addressed in line with the hospital's complaints-handling mechanisms and applicable legal frameworks. During the FY 2024/2025, the hospital achieved a 100% compliance score from the Commission on Administrative Justice (CAJ).

Consumer Data and Privacy Protection

The Hospital adheres to the Data Protection Act 2019 in all matters relating to patient data. All staff are trained in confidentiality and ethical handling of sensitive information. Electronic Medical Records (EMR) are protected through secure access protocols, and regular audits are conducted to monitor compliance with data privacy standards.

Rights Awareness and Civic Education

KNH promotes rights awareness through community outreach, public forums, and hospital-based initiatives aimed at empowering citizens to understand and claim their rights. These efforts focus on the right to quality and equitable healthcare, access to social protection programs such as the Social Health Authority (SHA). In collaboration with civil society organisations, government agencies, and other stakeholders, KNH facilitates referrals and information-sharing sessions to enhance public knowledge and access to essential health services.

Whistleblower Protection

KNH has implemented a whistleblower policy that protects individuals who report unethical or illegal practices within the hospital. Confidential reporting channels are available, and every effort is made to protect the identity and safety of whistleblowers by the Public Interest Disclosure Act and related governance policies.

Corporate Social Responsibility / Community Engagements

In the year under review, in line with the Government's goal of achieving Universal Health Coverage (UHC), the Hospital implemented 572 strategic initiatives to improve healthcare access, quality, and efficiency. The Hospital's efforts were anchored on two key strategies:

- a) **Capacity Building for Healthcare Providers** – Professional development remained a central focus, with continuous investment in training medical personnel through Webinars, Multidisciplinary Team (MDT) sessions, and in-person training. These interventions have strengthened clinical

KENYATTA NATIONAL HOSPITAL
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competencies, encouraged inter-speciality collaboration, and supported ongoing medical education.

- b) **Medical Outreaches and Observance of World Health Days** – The Hospital conducted targeted medical outreaches and actively participated in the commemoration of key World Health Days. These platforms were used to raise awareness on critical health topics, promote preventive healthcare, engage communities, and expand access to essential health services.

A summary of the activities undertaken is provided in the table below.

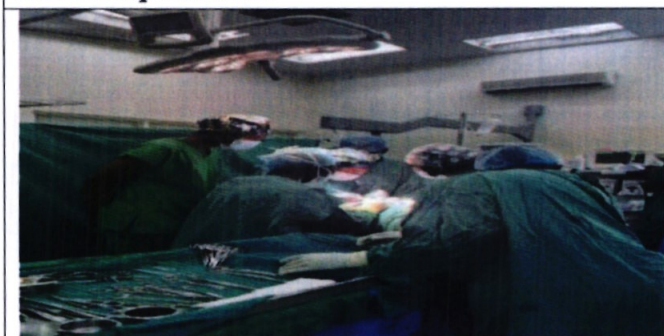
SUMMARY OF UHC ACTIVITIES FOR FY 2024-2025					
ACTIVITY	Q1 (JUL-SEP)	Q2 (OCT-DEC)	Q3 (JAN-MAR)	Q4 (APR-JUN)	TOTAL
Physical training	40	45	53	58	196
International Health Days	2	9	5	3	19
Outreaches/Health Talks/ training	17	24	12	21	74
Webinars	37	35	38	23	133
MDTBs	38	40	33	39	150
Total	134	153	141	144	572



IPC team at the Coast General Hospital for mentorship outreach



International Nurses' Week 2025 in Makeni county



Anorectal malformation surgical camp in KNH



Chemical exposure drill and training



Patient Centred Symposium at KNH



Kiambu level 5 benchmarking visit at the KNH nutrition department

Outreaches done by Mwai Kibaki Hospital

In the year under review, MKH participated in 20 outreaches within Nyeri and neighbouring areas. Counties. These initiatives focused on preventive healthcare, including Non-Communicable Disease (NCD) screenings, general medical consultations, and referrals to specialised clinics. Over 6,000 community members benefited from these services. Additionally, MKH held capacity building.

Sessions targeting community members, healthcare workers, and lower-level health facilities on Social Health Insurance fund registration, among other theme areas, to enhance access to universal health coverage.

In the period under review, MKH enhanced its outreach impact through strategic collaborations with County Governments, religious institutions, academic organisations, and NGOs. Notable engagements included participation in global health events such as World Kidney Day, World Breastfeeding Week, and World Environment Day, among others. Through these platforms, the hospital empowerment the community through volunteer initiatives and student-led CSR projects, such as technical repair and maintenance services offered by Tetu Vocational Training Centre. These efforts underscore MKH's commitment to health equity, community engagement, and its vision of being a leader in quality multispecialty healthcare, training, and research.



Medical camp in Chinga



Eye Screening at Nyeri ASK Grounds



Experts from the Kenya Cardiac Society, American College of Cardiology and MKH are offering Echocardiography check for cardiac patients and Training to Clinicians.





MKH hosted a symposium that unites Infection Prevention Champions from across Nyeri county, including representatives from Nyeri Town Health Centre, PCEA Tumutumu, Othaya Level 4, Karatina Level 4, Naromoru, Mt.Kenya & Nyeri PGH

11. Report of the Board of Management

The Board of Management submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Hospital affairs.

Principal Activities

The principal activities of the Hospital are:

- a. To receive patients on referral from other Hospitals or institutions within or outside Kenya for specialized health care;
- b. To provide facilities for medical education for the University of Nairobi and research either directly or through other co-operating health institutions.
- c. To provide facilities for education and training in nursing and other health and allied institutions;
- d. To participate, as a national referral Hospital, in national health planning.

Results

The results of the Hospital for the year ended June 30, 2025, are set out on page 1.

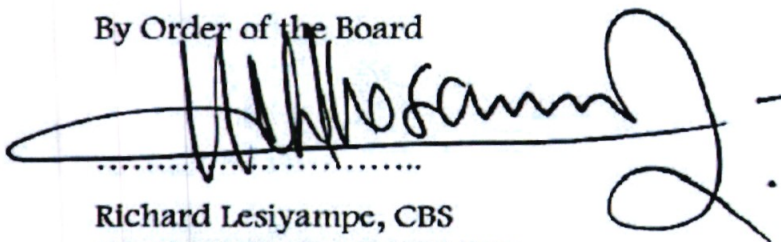
Board of Management

The members of the Board of Management who served during the year, those who retired, and new appointments are shown under the corporate governance statement in the annual report.

Auditors

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

By Order of the Board



Richard Lesiyampe, CBS
SECRETARY TO THE BOARD

Date:15.12.2025.....

12. Statement of Board of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Board to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year and the operating results of the Hospital for that year. The Board is also required to ensure that the Hospital keeps proper accounting records that disclose with reasonable accuracy the financial position of the Hospital. The Board is also responsible for safeguarding the assets of the Hospital.

The Board 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 as at the end of the financial year ended on June 30, 2025. 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 accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standard (IPSAS), and the manner required by the PFM Act, 2012 and the State Corporations Act.

The Board believes that the Hospital's financial statements give a true and fair view of the state of the Hospital's transactions during the financial year ended June 30, 2025, and of the Hospital's financial position as at that date. The Board further confirms 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 of Management on2025

and signed on its behalf by:

Dr. Abbas Gullet, MBS, OGW
Chairman of the Board

Richard Lesiyampe, CBS
Ag. Chief Executive Officer

Date.....15.12.2025

Date.....15.12.2025

13. Report of the Auditor-General on Kenyatta National Hospital

Kenyatta National Hospital
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For the Year Ended June 30, 2025

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025

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 Kenyatta National Hospital set out on pages 1 to 57 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, 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 Kenyatta National Hospital as at 30 June, 2025 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 Legal Notice No. 109 of 1987 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Revenue from Rendering of Services

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects revenue from rendering of services amount of Kshs.9,507,612,000 out of which Kshs.8,868,422,000 relates to medical services revenue. However, review of supporting records, including receipt registers revealed unreceipted revenue amounting to Kshs.188,847,816. p

In the circumstances, the accuracy and completeness of rendering of services revenue of Kshs.9,507,612,000 could not be confirmed.

2. Variance in Trade and Other Payables

The statement of financial position and as disclosed in Note 29 to the financial statements reflects trade and other payables balance of Kshs.3,066,523,000 out of which Kshs.6,697,303 relates to outstanding balance for Kenya Medical Supplies Authority (KEMSA). However, confirmations obtained from KEMSA indicated a balance of Kshs.117,085,915 resulting in an unexplained variance of Kshs.110,388,612.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.3,066,523,000 could not be confirmed.

3. Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.2,686,213,000 which signifies an increase of Kshs.2,386,505,000 from Kshs.299,708,000 reported in the previous year, leading to a decline in the revenue reserves. In addition, the Hospital has reported a deficit for the last four (4) consecutive years and if the trend continues into the foreseeable future, the Hospital may not be able to meet its obligations as and when they fall due.

In the circumstances, the Hospital is technically insolvent and may not be able to meet its obligations as and when they fall due

4. Long Outstanding Receivables

The statement of financial position and Note 24 to the financial statements reflects receivables from exchange transactions balance of Kshs.5,720,288,000. However, review of schedules and aging analysis revealed a balance of Kshs.6,671,774,000 which has remained uncollected for more than three years, with no evidence of effective recovery efforts or enforcement of credit controls. Despite the existence of a credit policy, receivables increased significantly by Kshs.1,655,659,000 from the prior year balance of Kshs.4,036,957,000,

In the circumstances, the recoverability on debt management and the adequacy of credit monitoring and collection mechanisms could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenyatta National 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.

My opinion is not modified in respect of this matter.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget amount of Kshs.22,570,204,000 and actual on a comparable basis of Kshs.17,591,088 resulting to underfunding of Kshs.4,979,116,000 or 22% of the budget. Similarly, the Hospital had a final expenditure budget of Kshs.22,570,204,000 and actual on a comparative basis of Kshs.18,292,113 resulting to an under-absorption of Kshs.4,278,091,000 or 19%.

The underfunding and under-expenditure may have affected the Hospital's mandate which may impact negatively on service delivery to the public.

2. Unpaid Government Grants

The statement of financial position and Note 25 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.1,225,114,000 out of which Kshs.268,167,994 relates to grant receivable from Government of Kenya (GoK). However, the balance has remained outstanding for over three years without any payment plan.

In the circumstances, the recoverability and effectiveness of internal controls on grant receivables could not be confirmed.

3. Defined Benefit Pension Scheme Deficit

The statement of financial performance and Note 14 to the financial statements reflects employee costs amount of Kshs.14,918,398,000, which include Kshs.1,235,275,000 relating to the defined benefit scheme. The actuarial valuation of the Kenyatta National Hospital (KNH) Defined Benefit Scheme as at 30 June, 2025 reported a defined benefit liability of Kshs.14,630,305,000 against scheme assets of Kshs.4,353,542,000, resulting in a funding deficit of Kshs.10,276,763,000 payable by the Hospital being the scheme sponsor. Although the Hospital has been requesting budgetary support from the Government to address this deficit, there is no evidence that any funding has been received, nor is there documentation of alternative measures being implemented to manage or reduce the liability.

The substantial underfunding of the defined benefit scheme exposes the Hospital to significant risks, including long-term financial strain, inability to meet future pension obligations, increased actuarial liabilities, and potential legal or industrial relations disputes.

My opinion is not modified in respect of these matters.

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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that matters detailed in **Appendix I** remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page i to lxxxix which comprise of Key Hospital's Information and Management, The Board of Management, Key Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability

Reporting, Report of the Directors, and the Statement of Directors 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. Long Outstanding Trade Payables

The statement of financial position and Note 29 to the financial statements reflects trade and other payables balance of Kshs.3,066,523,000. Review of the aging analysis revealed that Kshs.917,979,000 of these payables has remained outstanding for more than one year without any documented payment plan or settlement strategy.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

In the circumstances, Management was in breach of law

2. Violation of the One-Third Rule on Basic Pay

The statement of financial performance and Note 14 to the financial statements reflects employee costs of Kshs.14,918,398,000. The amount includes basic pay of Kshs.38,189,878 paid to four hundred and ten (410) employees in the month of June 2025 who earned less than a third of their basic salary. This was contrary to Section 19(3) of Employment Act 2007 which stipulates that Without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total

amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

In the circumstances, Management was in breach of law.

3. Comingling of Retention Funds

The statement of financial position and Note 29 to the financial statements reflects trade and other payables balance of Kshs.3,066,523,000, which include retention money balance of Kshs.117,069,000. However, the retention funds were commingled with the Hospital's general operational bank accounts instead of being deposited in a separate designated retention account. This was contrary to Regulation 43(b) of the Public Finance Management (National Government) Regulations, 2015 which states that an accounting officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the National Assembly.

In the circumstances, Management was in breach of law.

4. Irregularities in the Construction of the Oxygen Generation Plant Project

The statement of financial position and Note 27 to financial statements reflects property, plant and equipment balance of Kshs.12,718,113,000, which includes capital works/work in progress of Kshs.1,803,238,000 out of which Kshs.300,000,000 relates to the construction of an Oxygen Generating Plant (OGP). It was noted that this contract was awarded on 12 May, 2022, at a cost of Kshs.443,659,400, with an agreed completion period of six months ending November 2022. However, as at November, 2025, thirty-six (36) months after the expected completion date, the project remained incomplete.

Further, the Contract Implementation Team (CIT) report of 05 August, 2025 indicated that the zeolite tanks, calibrate the PSA units, alarm systems were not installed while integrating the GSM monitoring had not been done. Also, there was no evidence to confirm that the contract was terminated despite issuance of a 14-day termination notice on 07 August, 2025.

In addition, an assessment by the plant manufacturer, indicated that the molecular sieves had been irreversibly damaged due to unsuitable environmental conditions and unstable power quality at the installation site. However, there was no evidence that architectural or technical assessments to confirm the suitability of the site prior to installation were performed. Consequently, the Hospital has continued to procure oxygen incurring cumulative costs amounting to Kshs.596,258,000.

In the circumstances, the value for money incurred on the construction of an Oxygen Generating Plant (OGP) could not be confirmed.

5. Delayed Procurement of Linear Accelerator Machine

During the year under review, the Hospital was allocated Kshs.500,000,000 to strengthen cancer management services and subsequently Management initiated procurement of a Linear Accelerator (LINAC) Machine which was awarded at a contract sum of Kshs.297,950,000. However, the contract was not executed since no funding was received. Further, the Hospital continued to experience prolonged downtime of the existing linear accelerator resulting in treatment interruptions, extended patient waiting periods, referral of patients to other facilities, and delayed commencement or completion of radiotherapy sessions.

In the circumstances, Management of cancer patients and service delivery was adversely affected.

6. Incomplete Pediatrics Emergency and Burn Centre

The statement of financial position and Note 27 to the financial statements reflects property, plant and equipment balance of Kshs.12,718,113,000. The balance includes capital works/work in progress of Kshs.1,803,238,000 out of which Kshs.1,168,177,714 relates to the ongoing construction of the Paediatric Emergency and Burns Management Centre. The project was awarded on 20 August, 2018 with an expected completion date of 20 August 2020 at a contract price of Kshs.2,959,511,555 which was financed through a consortium of three (3) development partners and Government of Kenya. Despite several extensions granted at the contractor's request, the project remained incomplete as at December 2025, representing a delay of more than five (5) years beyond the original completion timeline. Further, the loan agreement with the external financiers expired on 30 April 2025, and no evidence was provided to confirm continued commitment to fund the project. In addition, the contractor vacated the site citing non-payment of certified claims under IPC 15 amounting to Kshs.103,030,397, accrued interest of Kshs.69,384,745 and interest of the consultant of Kshs.11,903,966.

In the circumstances, value for money incurred on the construction of the Paediatric Emergency and Burns Management Centre could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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

Conclusion

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. Long Outstanding Imprest

The statement of financial position and Note 25(a) to the financial statements reflects receivables from non-exchange transactions balance of Kshs.1,225,114,000 out of which Kshs.25,145,000 relates to staff receivables. Review of schedules revealed an amount of Kshs.9,834,025 in respect to long overdue imprest issued to staff which has not been surrendered nor recovered from staff salary.

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

2. Weaknesses in the Use of Manual Processes

During the year under review, it was noted that the Hospital operates four (4) different information systems. First for processing payments and financial reporting, the second for uploading payments data for onward remittance to individual accounts, the third for managing human resource and payroll functions and the fourth for supply chain operations, cashier shift management, revenue collection, patient registration, and imprest processing. However, these systems are not integrated, resulting to keying manually output data of one system to another.

In addition, staff creditors' banking details are maintained manually while stock requisition, approval, issuance, and recording are handled manually using bin cards, and physical requisition forms.

In the circumstances, the repeated manual interventions disrupt workflow efficiency and significantly increase the risk of data integrity issues, errors, and inconsistencies.

3. Weaknesses in Hospital Security Arrangements

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects administrative expenses of Kshs.1,284,205,000 which includes Kshs.74,565,000 incurred on outsourced security. However, in the year under review, two admitted patients were murdered in the wards indicative of weaknesses in physical security controls. In addition, the Hospital has accumulated over the years an amount of Kshs.866,570,817 from seventeen thousand nine hundred and six (17,906) patients with abscondment cases indicating lapses in ward-level access controls, patient monitoring, and surveillance.

In the circumstances, the effectiveness of internal controls in security could not be confirmed.

4. Senior Officers Serving in Acting Position

Review of other information on pages 2 and 3 revealed that key management personnel, including the Senior Director at Mwai Kibaki Hospital, Director of Affiliation and Institutional Development and Director of Medical Services, were serving in an acting capacity. Further, the current Chief Executive Officer is serving in an acting capacity but there was no evidence to confirm that the appointment in an acting capacity was made by the Board in consultation with the Cabinet Secretary Ministry of Health. In addition, there was no evidence that Management performed governance audit.

In the circumstances, the effectiveness of overall governance could not be confirmed.

5. Bed Occupancy Constraints

Review of inpatient statistics revealed that the Hospital recorded an average yearly bed occupancy rate of 126% and several wards in Medicine, General Surgery, Pediatrics, and Specialized Medicine exceeded 140% occupancy. In addition, the Average Length of Stay (ALOS) increased from 8.2 to 10.2 days, leading to higher Occupied Bed Days (OBD). The prolonged stays and increased OBD have resulted in persistent congestion and overutilization of inpatient beds.

In the circumstances, the effectiveness of internal controls in patient management could not be confirmed.

6. Weaknesses in the Management of Property, Plant and Equipment

The statement of financial position and Note 27 to the financial statements reflect property, plant and equipment balance of Kshs.12,718,113,000. The balance includes Kshs.4,931,426,631 relating to fully depreciated assets that were still in use with no evidence of revaluation to determine their remaining useful lives or current value. In addition, essential equipment including Generator B, the NBU Lavamac dryer, the main laundry washer extractor, and Boilers No. 1 and 2 experienced prolonged downtime of between six (6) to twelve (12) months due to mechanical breakdowns, resulting in significant disruptions of the respective operations. Further, physical verification at the Mwai Kibaki Hospital Renal Unit revealed that although the department has a capacity of six (6) dialysis beds and is equipped with six (6) hemodialysis machines only one machine was functional and these machines were not recorded in the assets register.

In the circumstances, the effectiveness of internal controls on management of property, plant and equipment control could not be confirmed.

7. Loss of Hospital Funds

The statement of financial position and Note 23 to the financial statements reflects cash and cash equivalents balance of Kshs.1,660,825,000. Review of prior-year information revealed that Kshs.47,818,276 was diverted to incorrect bank accounts during payment processing. Although the incident was reported to the Director of Criminal Investigations (DCI) and the Banking Fraud Investigation Unit (BFIU), and management indicated that

part of the funds had been recovered. However, there is no evidence to indicate the current status, progress of the case and the measures and efforts to recover the outstanding balance.

In the circumstances, the effectiveness of internal controls for cash and cash equivalents could not be confirmed.

8. Deficits in Equipment at the Accident and Emergencies Department

The statement of financial position and Note 27 to the financial statements reflects property plant and equipment balance of Kshs.12,718,113,000. However, review of the equipment status for the Accident and Emergency (A&E) Department revealed significant shortages and gaps in essential medical equipment as detailed below;

- i. Critical life-saving equipment including ventilators, cardiac monitors and suction machines which had deficits of sixteen (16), fifteen (15) and sixteen (16), respectively.
- ii. Essential emergency and trauma equipment is not sufficient, for instance the deficit for advanced ICU was 12 beds, procedure trolleys deficit was 20, advanced point-of-care ultrasound deficit was 3, video laryngoscope deficit was 4, tourniquet machine 1 was faulty, crash carts deficit was 10, and wall-mounted suction units deficit was 12.
- iii. Diagnostic and monitoring devices are inadequate, including glucometers with a deficit of 10, capnography monitors deficit of 12, blood gas analyzer deficit of 1, and coagulometer deficit of 1.
- iv. Support equipment used in emergency interventions are not sufficient, such as ergonomic chairs with a deficit of 50, air warming blankets deficit of 4, patient cabinets a deficit of 8, and x-ray viewers a deficit of 5.
- v. Resuscitation and critical-care equipment are outdated or beyond life expectancy, such as automated defibrillators and cardiac monitors.
- vi. Infusion management equipment is inadequate, with a deficit of ten (10) infusion pumps and thirty (30) syringe pumps, and eight (8) infusion pumps that are functional but not usable due to lack of giving sets.

In the circumstances, the deficits recorded ranged from 20% to 100% indicating the A&E Department is significantly under-equipped relative to its operational requirements.

9. Weaknesses in Rent Management

The statement of financial performance and Note 11 to the financial statements reflects rental revenue of Kshs.139,731,000. However, Kshs.43,616,000 of this amount, representing a 52% increase from the previous financial year, remained outstanding at year-end. Further, it was noted that that several lease agreements had expired but had not been renewed, resulting in rental collections being made without valid contractual terms. In addition, the Hospital does not maintain a dedicated rental deposit account and lacks an automated property management system, leading to weak monitoring of tenant accounts, rental billings, arrears, and deposit administration.

In the circumstances, the effectiveness of internal controls on rental income could not be confirmed.

10. Inconsistencies in Claims Management

The statement of financial position and Note 24 to the financial statements reflects receivables from exchange transactions balance of Kshs.5,720,288,000 which includes of Kshs.1,840,311,803 receivable from National Health Insurance Fund (NHIF). However, review of claims submitted by Kenyatta National Hospital (KNH) to the Social Health Authority revealed a number of rejections arising from lapses within the hospital's documentation and billing processes.

In the circumstances, the effectiveness of internal controls in Hospital claims management could not be confirmed.

11. Pending Handing Over of Mwai Kibaki Referral Hospital

Mwai Kibaki Referral Hospital was gazetted as a state corporation on 20 September, 2024 and the chairman and board members gazetted on 22 November, 2024 vide Kenya Gazette No. 15334 and 15353 respectively. However, review of correspondences revealed that the planned joint meeting between the boards of Kenyatta National Hospital (KNH) and Mwai Kibaki Referral Hospital (MKRH) to discuss handover was not held.

In the circumstances, the effectiveness of the process of handing over Mwai Kibaki Referral Hospital (MKRH) could not be confirmed.

12. Deficiencies in Oversighting the Hospital

During the year under review, Management of Mwai Kibaki Referral Hospital did not provide internal audit reports for verification contrary to the requirements of Regulation 160(1) of the Public Finance Management (National Government) Regulations, 2015. In addition, it was noted that the audit committee did not have a chairperson, and there was no evidence that this committee held meetings.

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

13. Lack of Board Charter

The statement of financial performance and Note 15 to the financial statements reflects board of management expenses amount of Kshs.36,469,000. However, the board of Mwai Kibaki Hospital was operating without a board charter contrary to Chapter 1.1(1) and (2) of Mwongozo Code of Governance for State Corporation, 2015 which states that the board should develop and adopt a board charter and that the board charter should define the role, responsibilities and functions of the board in the governance of the organization

In the circumstances, effectiveness of overall governance could not be confirmed.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards 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

17 December, 2025

APPENDICES

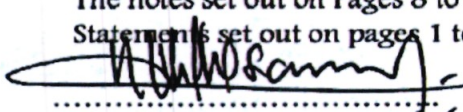
Appendix I- Prior Year Audit Matters

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in Cash and Cash Equivalent
2		Budgetary Control and Performance
3		Trade and other payables
4		Staff earning less than one third of Basic Salary
5		Delayed Implementation of medical oxygen generating plant
6		Medical Services contract loss
7		Incomplete Pediatrics Emergency and Burns Management Centre
8		Lack of Segregation of Duties
20	2022/2023	Unsupported Secured Individual Debtors
21		Un-Collected Rental Income
22		Budgetary Control and Performance
23		Pending Accounts Payable
24		Medical Services Contract Loss
25		Incomplete Pediatrics Emergency and Burns Management Centre
26		Failure to Adjust Rent Rates
27		Inadequate Segregation of Duties
28		Weaknesses in the Payment System
29		Weaknesses in Use of Manual Processes
30	2021/2022	Variance in Donations in Kind
31		Misclassification of Employee Costs
32		Unsupported Stock Movement
33		Long Outstanding Receivables Balances
34		Increase in Deficit
35		Budgetary Control and Performance
36		Unjustified use of Framework Contracts
37		Late Remittances of Statutory Deductions
38		Irregular Procurement of Cleaning Materials
39		Irregular Disposal of Property
40		Expired/Obsolete Inventory
41		Inspection and Acceptance Committee

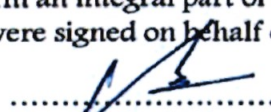
14. Statement of Financial Performance for the Year Ended June 30, 2025

Revenue	Note	2025 Kshs. '000'	2024 Kshs. '000'
Revenue from non-Exchange transactions			
Grants from National Government	6	11,371,532	13,434,748
Donor funded research projects grants	7	729,636	583,916
Public contributions and donations	8	28,146	64,405
Total Revenue from non-exchange transactions		12,129,314	14,083,069
Revenue from exchange transactions			
Rendering of services	9	9,507,612	8,193,326
Sale of Goods	10	1,894	1,514
Rental revenue from facilities	11	139,731	130,315
Interest income	12	221,828	216,199
Total revenue from exchange transactions		9,871,065	8,541,354
Total revenue		22,000,379	22,624,423
Expenses			
Clinical costs	13	3,569,436	3,480,274
Employee costs	14	14,918,398	14,642,635
Board of Management expenses	15	36,469	37,101
Depreciation	16	731,716	715,364
Repairs and maintenance expenses	17	490,095	421,521
Administrative expenses	18	1,284,205	1,051,526
Donor funded research projects expenses	19	729,636	583,916
Total expenses		21,759,955	20,932,337
Other losses			
Impairment loss on receivables	20	1,193,889	1,160,010
Medical service contracts loss	21	519,498	678,355
Net actuarial losses in net liability-DB Scheme	22	1,213,250	153,429
Total Other losses		2,926,637	1,991,794
Deficit for the period		(2,686,213)	(299,708)

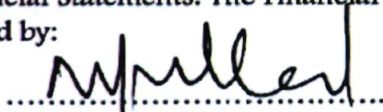
The notes set out on Pages 8 to 49 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 49 were signed on behalf of the Board by:


Richard Lesiyampe, CBS
Ag. Chief Executive Officer

Date... 15.12.2025


CPA Michael Kihuga
Director, Finance
ICPAK M/No. 3884

Date... 15. Dec. 2025


Dr. Abbas Gullet, MBS, OGW
Chairman of the Board

Date... 15.12.2025

15. Statement of Financial Position as at June 30, 2025

Assets	Note	2025 Kshs. '000'	2024 Kshs. '000'
Current assets			
Cash and cash equivalents	23	1,660,825	1,958,610
Receivable from exchange transactions	24	5,720,288	4,036,957
Receivable from non- exchange transactions	25	1,225,114	1,732,455
Inventories	26	631,085	534,387
Total current assets		9,237,312	8,262,409
Non-current assets			
Property, plant and equipment	27	12,718,113	12,955,625
Intangible assets	28		
Total non-current assets		12,718,113	12,955,625
Total assets (A)		21,955,425	21,218,034
Liabilities			
Current liabilities			
Trade and other payables	29	3,066,523	2,390,953
Deposits from customers	30	53,470	65,514
Provision for leave pay	31	114,611	108,215
Deferred income	32	444,750	326,355
Total current liabilities		3,679,354	2,891,037
Non-current liabilities			
NSSF Arrears	33	94,830	118,830
Net Defined Benefit liability	34	14,630,305	12,646,531
Finance Lease Liability	35		1,453
Total non-current liabilities		14,725,135	12,766,814
Total liabilities (B)		18,404,489	15,657,851
Net Assets (A-B)		3,550,936	5,560,183
Represented by:			
Capital reserves	36	15,410,487	14,733,520
Accumulated fund	37	(20,483,291)	(17,797,077)
Revaluation reserve	38	8,623,740	8,623,740
Total Net assets		3,550,936	5,560,183

The Financial Statements set out on pages 1 to 49 were signed on behalf of the Board by:

Richard Lesiyampe, CBS
Ag. Chief Executive Officer

CPA. Michael Kihuga
Director, Finance
ICPAK M/No. 3884

Dr. Abbas Gullet, MBS, OGW
Chairman of the Board

Date... 15.12.2025

Date... 15. Dec. 2025

Date... 15.12.2025

16. Statement of Changes in Net Assets for the Year Ended June 30, 2025

	Capital Reserve	Accumulated Fund	Revaluation Reserve	Total
Note	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Balance as of July 1, 2023	12,996,747	(17,497,369)	8,623,740	4,123,118
Capital grants	1,736,773			1,736,773
Surplus for the period		(299,708)		(299,708)
Balance as at June 30, 2024	14,733,520	(17,797,077)	8,623,740	5,560,183
Balance as of July 1, 2024	14,733,520	(17,797,077)	8,623,740	5,560,183
Capital grants 36	676,967			676,967
Deficit for the period 37		(2,686,213)		(2,686,213)
Balance as at June 30, 2025	15,410,487	(20,483,291)	8,623,740	3,550,936

17. Statement of Cash Flows for the Year Ended June 30, 2025

Cash flows from operating activities	Note	2025 Kshs. '000'	2024 Kshs. '000'
Receipts			
Grants from National Government	39b	11,294,676	14,191,833
Rendering of services		1,263,066	1,358,469
Accounts receivables		4,036,988	3,554,596
Deposits from customers		371,758	579,132
Donor funded research projects grants	7b	774,530	651,770
Doctors' fee		1,396,814	103,186
Interest income	12	221,828	216,012
Total Receipts		19,359,660	20,654,998
Payments			
Employees costs		13,795,915	12,875,687
Goods and services		3,690,850	5,398,116
Tax Expenses		361,945	387,446
Board of Management expenses		36,393	19,895
Donor funded research projects expenses		407,010	570,212
Customer deposits refunds		348,343	76,232
Doctors' fee		1,575,435	453,439
Total payments		20,215,891	19,781,027
Net cash (outflow)/inflow from operating activities	39a	(856,230)	873,971
Cash flows from investing activities			
Purchase of property, plant, and equipment		(383,903)	(744,189)
Net cash outflow used in investing activities		(383,903)	(744,189)
Cash flows from financing activities			
Capital grants	39b	942,349	1,094,159
Net cash flow from financing activities		942,349	1,094,159
Net(decrease)/increase in Cash and Cash equivalents		(297,784)	1,223,941
Cash and Cash equivalents at beginning of year		1,958,610	734,669
Cash and Cash equivalents at end of year		1,660,825	1,958,610

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18. Statement of Comparison of Budget and Actual Amounts for the Year Ended June 30, 2025						
	Original Budget a	Adjustment b	Final Budget c=(a+b)	Actual Comparable basis d	on Performance Difference e=(d-c)	% of Utilization f=d/c%
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	
Balance B/F from FY 2024/25				1,958,610		
Recurrent Budget						
Receipts						
Recurrent Grants from GoK	10,059,650	1,014,554	11,074,204	11,294,676	220,472	102%
Non-Cash Recurrent grant- Oxygen		342,760	342,760	0	(342,760)	
Internally Generated Revenue	9,160,144	964,309	10,124,453	5,300,054	(4,824,399)	52%
Donor Funded R. projects grants	372,461	407,474	779,935	774,530	(5,405)	99%
Interest Income	194,395	54,457	248,852	221,828	(27,024)	89%
Total Receipts Recurrent Budget	19,786,650	2,783,554	22,570,204	17,591,088	(4,979,116)	78%
Payments						
Employee Costs	12,800,334	1,147,136	13,947,470	13,795,915	(151,555)	99%
Goods and services	6,020,238	1,243,898	7,264,136	3,690,850	(3,573,286)	51%
Tax Expenses	301,977	32,925	334,902	361,945	27,043	108%
Board Expenses	30,000	5,078	35,078	36,393	1,315	104%
Donor funded R. Projects expenses	372,461	403,758	776,219	407,010	(369,209)	52%
Impairment Loss on Receivables	137,871	1,711	139,582		(139,582)	
Medical service contracts Loss	123,769	(50,952)	72,817		(72,817)	
Total Payments Recurrent Budgets	19,786,650	2,783,554	22,570,204	18,292,113	(4,278,091)	81%
Capital Budget						
Capital Grants receipts	2,101,000	(1,424,033)	676,967	942,349	(265,382)	139%
Capital Expenditure Payments	2,101,000	(1,424,033)	676,967	383,903	293,064	57%
Surplus for the year	~	~	~	1,816,031	27,682	

Budget Notes

1. The budget is approved on a cash basis by functional classification. The approved budget covers the financial year from July 1, 2024 to June 30, 2025 and includes Kenyatta National Hospital (KNH) and Mwai Kibaki Hospital (MKH) which operated as an annex of KNH during the FY 2024/25.
2. The original budget for FY 2024/25 approved by the Board of Management for Recurrent and Capital Expenditure was Kshs. 19,786,650.00 and Kshs. 2,101,000 respectively. The recurrent budget was revised to Kshs. 22,570,204,000 following supplementary budget allocation during the year. The capital budget was revised downwards to Kshs.553,617,000 following budget cuts implemented by the National Treasury.
3. The adjustments within budget lines was due to approved reallocations made during the year.
4. A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended June 30, 2025 is presented below.

Reconciliation between surplus as per budget and surplus as per the Statement of Cash flow

Note	Description of Particulars	Amount in Kshs '000'
	Actual Surplus Amounts as per the statement of Budget	1,816,031
a.	Deposits received from Customers for services to be rendered in future not included in the budget	371,758
b.	Doctor's fee Received from customers for clinical procedures in KNH Prime Care Centre not included in the budget	1,396,814
c.	Refunds to customers for unutilized deposits not included in the budget	(348,343)
d.	Payments disbursed for Doctor's Fee relating to clinical procedures in KNH Prime Care Centre not included in the budget	(1,575,435)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,660,825

a. Deposits from Customers

This relates to amounts received from customers as security before services are rendered. The deposits are either utilized against services accessed by customers or refunded. These are not included in the budget.

b. Doctor's fee

This relates to amounts received from customers in lieu of doctor's fee payable to doctors for clinical procedures carried out on patients attended to in the KNH Prime Care Centre. Doctor's fee is disbursed to respective doctors upon full settlement of medical bills by customers. These is not included in the budget.

Explanation for Significant Under/Over Utilization of budget

1. Non-Cash Recurrent grant- Oxygen

This relates to oxygen supplied directly by the Ministry of Health and therefore the Hospital did not incur any cash outflow.

2. Internally Generated Revenue Receipts

The performance difference of Kshs. 4,928,607,000 is attributed to revenue generated but not collected as at June 30, 2025 and therefore reported under accounts receivables.

3. Payments for Goods and services

The performance difference of Kshs.3,573,286,000 is attributed to goods and services supplied to the Hospital but not paid as at June 30, 2025 and therefore reported under trade and other payables to be settled in subsequent financial year.

4. Payments for Donor funded Research Projects expenses

The performance difference of Kshs.407, 010,000 is attributed to goods and services supplied for donor funded research projects to the Hospital but not paid as at June 30, 2025 and therefore reported under trade and other payables to be settled in subsequent financial year.

5. Impairment Loss on Receivables

This relates to provision for bad and doubtful debts made for impaired receivables relating to medical bills and unclaimed bodies bills. The provision made for medical bills relate to indigent patients released from the Hospital on unsecured credit based on a commitment to settle their bills in the future. In addition, provision is made for deceased patients whose bodies are not claimed by relatives and are disposed in accordance with the Public Health Act. The provision is a non cash item and therefore not included in the outflows.

6. Medical service contracts Loss

The loss relates to contracts with NHIF, Linda Mama Program, SHIF and ECCIF. The losses arise where the medical cost incurred on a patient who is a contributor to the Fund is greater than the rebate reimbursed by the Fund based on the existing medical service contracts. The loss is a non cash item and therefore not included in the outflows.

7. Capital Budget

During the financial year, the Hospital was allocated capital grants amounting to Kshs. 676,966,459. The amount received during the year of Kshs. 942,349,000 is composed of Kshs. 372,348,859 and Kshs.570, 000,000 for FY 2023/24 and FY 2024/25 respectively. Kshs. 304,617,600 relating to the balance for FY 2024/25 was disbursed in July 2025.

19. Notes to the Financial Statements

1. General Information

Kenyatta National Hospital is established through legal notice No 109 of April 6, 1987, as amended by the KNH Amendment Order of 2021, and derives its authority and accountability from The State Corporations Act. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activities of the Hospital are:

To receive patients on referral from other Hospitals or institutions within or outside Kenya for specialized health care;

To provide facilities for medical education for the University of Nairobi and research either directly or through other co-operating health institutions.

To provide facilities for education and training in nursing and other health and allied institutions;

To participate, as a national referral Hospital, in national health planning.

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, 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 allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Hospital accounting policies. The areas involving higher degree of judgment or where assumptions and estimates are significant to the financial statements have been disclosed under note 5 of these financial statements.

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, the State Corporations Act, and International Public Sector Accounting Standards. The accounting policies adopted have been consistently applied to all the periods presented.

3. Adoption of New & Revised Standards

1. 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.

Standard	Effective Date and Impact:
IPSAS 43 Leases	Applicable 1 st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees

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Standard	Effective Date and Impact:
	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 cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2026.
IPSAS 45 Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17. In IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2026.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;

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Standard	Effective Date and Impact:
	iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2026.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2027.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2027.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2027.

iii. **Early Adoption of Standards**

The Hospital did not early – adopt any new or amended standards in the year 2024/25.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

a) **Revenue Recognition**

i **Revenue from non-exchange transactions**

Grants from National Government

Recurrent grants from the Government are recognized in the statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate. Recurrent grants that are receivable as compensation for expenses or losses already incurred or to give immediate financial support to the Hospital with no future related costs are recognized in the statement of financial performance in the period in which they become receivable.

Development grants whose primary condition is that the Hospital should purchase, construct, or otherwise acquire non-current assets are recognized in the statement of financial position under capital reserve.

Donor Funded Research Projects Grants

Conditional grants received for research projects are recognized in the statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate, only to the extent of expenditure incurred during the year. Grants not utilized are recognized as deferred income in the statement of financial position.

Public Contributions and Donations

Cash donations: Income from endowments, donations, and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.

Donations in-kind: Revenue from donations in kind is measured at fair value and recognized on obtaining control of the if the transfer is free from conditions and it is probable that the economic benefits (including cost saving from the donation) or service potential related to the asset will flow to the Hospital and can be measured reliably. On initial recognition, gifts and donations including goods in-kind (tangible assets) are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market.

Fixed assets donations are deferred to be recognized over their useful life. The amortized value for fixed assets donations is recognized in the statement of financial performance.

ii **Revenue from Exchange Transactions**

Rendering of Services

The Hospital recognizes revenue from the 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 the costs that reflect services performed. 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.

Rental Revenue from Facilities

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

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.

b) Budget Information

The original budget for the financial year 2024/25 was approved by the Board of Management on 10th July 2024. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Management and Ministry of Health.

The Hospital 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 are 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 cashflow has been presented these financial statements.

c) Property, Plant, and Equipment

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant, and equipment are required to be replaced at intervals, the 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.

The Hospital uses a revaluation model for measurement of property, plant, and equipment after initial recognition. The Hospital derecognizes items of property, plant, and equipment, and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use.

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Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when an asset is de-recognized.

The value of land does not depreciate. Depreciation on other assets is calculated on a straight-line basis to write off the cost of each asset, or the revalued amount, to their residual values over the estimated useful life. The annual rates used for each class of assets are:

Fixed asset Class	Depreciation Rate	Fixed asset Class	Depreciation Rate
Buildings	2.5%	Tractors	37.5%
Plant & Machinery	12.5%	Computers, copiers	33.3%
Furniture and Fittings	12.5%	Medical Equipment	12.5%
Motor Vehicles	25%		

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and benefits incidental to ownership of the leased asset to the Hospital. All other leases are classified as operating leases.

e) Finance Lease

Assets held under 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 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.

Operating Lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

f) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets amortized at the rate of 30% per annum.

g) Financial Instruments

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.

iii Financial Assets

Initial Recognition and Measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans, and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Hospital determines the classification of its financial assets at initial recognition.

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. Losses arising from impairment are recognized in the surplus or deficit.

h) Impairment of Financial Assets

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

iv Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are measured at fair value through surplus or deficit. The Hospital determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of borrowings, plus directly attributable transaction costs.

i) Inventories

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

j) Provisions

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits or service potential will probably 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, 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.

k) Contingent Liabilities

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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.

l) 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.

m) Nature and Purpose of Reserves

The reserves maintained by the Hospital include;

Capital Reserve

Capital reserve relates to the initial value of property, plant, and equipment the Board of Management inherited from the Ministry of Health when KNH became a State Corporation. Capital grants received from the National Government are treated as an addition to the capital reserve. Movements in the capital reserve are shown in the statement of changes in net assets.

Revaluation Reserve

Revaluation reserve arises on revaluation of property, plant, and equipment. When revalued property, plant, and equipment are disposed of, the portion of revaluation reserve that relates to the asset is transferred directly to the revaluation reserve. Movements in the revaluation reserve are shown in the statement of changes in net assets.

Accumulated Fund

An accumulated fund is a revenue fund where the results (surplus/deficit) for each year's financial performance are accumulated. Movements in the revaluation reserve are shown in the statement of changes in net assets.

n) 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.

Employee Retirement Benefits Plans

The Hospital operates the following employee retirement benefits plans;

i. Pension Schemes

The Hospital operates a defined benefit pension scheme and defined contributions pension scheme. Payments made by the Hospital to a defined contribution pension scheme are recognized as an expense when employees have rendered service entitling them to the contributions.

In the case of a defined benefit pension scheme, the actuarial valuation of the scheme is carried out at the end of the financial year.

The cost of providing benefits is determined using the projected unit credit method. Re-measurements, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable), and the return on scheme assets (excluding interest), is reflected in the statement of financial position with a charge or credit recognized in the other gains/losses in the period in which they occur.

Re-measurement recognized in other gains/losses is reflected in surplus/deficit.

Past service cost is recognized as surplus or deficit in the financial year of scheme amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense, or income and re-measurement.

The Hospital presents current service cost and past service cost in the statement of financial performance in the line-item Pension cost – defined benefit scheme (included in employee costs). Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Hospital's defined benefit scheme. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

ii. National Social Security Fund

This is a statutory defined contribution pension scheme in which the Hospital and employees contribute equal amounts. The Hospital contribution is expensed in the respective year in which it is made.

iii. Other Entitlements

The monetary benefits for employees accrued annual leave entitlement as per the Hospital policy at end of the financial year are recognized as a provision.

o) 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.

p) Related Parties

The Hospital regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Hospital or vice versa. Members of key management are regarded as related parties and comprise the Hospital Board of Management and the Executive management is made up of the Chief Executive Officer, Senior Directors, and Directors.

q) Cash and Cash Equivalents

Cash and cash equivalents comprise mobile money, 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

r) Comparative Figures

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

s) Subsequent Events

There have been no events after the financial period end with a significant impact on the financial statements.

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 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.

a) Actuarial Valuation of Defined Benefits Scheme

The asset or liability due under the defined benefit scheme is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

b) Useful Lives and Residual Values

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

The condition of the asset is 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.

c) Provisions

Provisions were raised and management determined an estimate based on the information available. 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. Provisions made by the management include:

i. Provision for Bad Debts

A debt is deemed impaired if, and only if, there is objective evidence that the recoverability of that debt is doubtful. Indigent patients who are unable to settle their medical bills upon clinical discharge are allowed home on

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unsecured credit, and since the payment of these debts is highly doubtful, they are provided for as bad and doubtful.

ii. Provision for Leave Pay

The provision for leave pay has been calculated based on the leave entitlement due to staff at year-end adjusted for; experience adjustment in relation to the forfeiture of leave and leave taken trends and salary scales applicable at the time of realization of leave by employees.

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	2025 Kshs. '000'	2024 Kshs. '000'
6 Grant from National Government		
Transfers from the Ministry of Health		
Recurrent Grants		
Recurrent grants received	10,142,676	12,105,500
Recurrent grants receivable (note 25)	893,528	1,152,000
Total recurrent grants Disbursed in FY 2024/25	11,036,204	13,257,500
Non-cash Recurrent grants received from MoH	335,328	177,248
Recognized in the Statement of Financial Performance	11,371,532	13,434,748
Capital Grants		
Capital grants received	372,349	1,166,773
Capital grants receivable (note 25)	304,618	570,000
Capital Grants recognized in capital reserves (note 36)	676,967	1,736,773

Recurrent Grants received.

The recurrent grants allocated to the Hospital towards employee costs for the period ended June, 2025 was Kshs 11,074,204,600. Grants received as at June 30, 2025 amounted to Kshs. 10,142,676,199.

Grants disbursed for FY 2024/25 amount to Kshs.11,036,204,600 comprising of Kshs. 10,248,204,600 for Main Hospital and Kshs.788,000,000 for Mwai Kibaki Hospital. Kshs. 38,000,000 of the FY 2024/25 allocation was not disbursed.

Recurrent Grant Receivable

The grants receivable of Kshs. 893,528,401 relates to grant for the month of June 2025 which had not been received as at June 30, 2025. The same was disbursed in July 2025.

Non-Cash Recurrent grant received from MoH

The non-cash grants of Kshs. 335,327,899.60 relates to medical gases supplied to the Hospital by Ministry of Health during the year.

Capital Grants

Capital grants are recognized under capital reserves. During the financial year, the Hospital was allocated capital grants amounting to Kshs. 676,966,459 for construction of Invitro Fertilization Centre of Excellence (Kshs.122,348,859), renovation of obsolete equipment (Kshs. 250,000,000), Strengthening of Cancer Management (Ksh 141,500,000) and Construction of Burns and pediatric Centre of (Kshs. 163,117,600).

The amount received as at June 30, 2025 was Kshs. 372,348,859 and the balance of Kshs. 304,617,600 was disbursed in July 2025.

7 Donor funded research projects grants		
ABC Study	7,539	8,649
AGYW Study	1,863	6,594
A Gal Toto Study	4,548	
Attach Scale Up	12,793	
AHISA Study	4,109	129
Bubble CPAP Study		313

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	2025 Kshs. '000'	2024 Kshs. '000'
Breakthrough Study	37,330	
Baby 2 Home Study	542	
Caffeine Study		762
CFAR-Study	424	
CHATBOT Study	9,927	2,336
CHV-Neo Study	29,606	44,378
CMV Suppression Study	3,881	7,393
Combat AMR One Health Study		26
Connect project	113,026	121,230
ELEZA Study	370	3,052
ELMA Study	12,746	7,393
FP DCT Study		
FP Plus Study	15,264	34,192
Fertility Intentions Study	1,941	2,627
Global Hope Study	9,765	
Girl Study		478
HCV TX Study	1,225	
HIV & Aging Study	9,310	1,629
HIV Cascade Training Program	31,424	3,843
HIV-TB Study		193
HOPE Kenya Study	2,470	
HTS Scale PrEP Study Grant	7821	
IAEA Fellowship Study		367
Integrate Study	56,848	19,537
IPMH Mental Health Study	85,294	14,198
IPHASA Study	1,051	
KNH HEU - Hope Project	26,093	32,189
LAI study	7,671	15,267
MIIA Study	1,065	1,359
Mindful Study	10,560	
Mobile WACH NEO RCT Study		15,373
Mwach Empower Study	34,252	43,392
MwACH-PrEP Study	21,648	51,727
Novation- I (Genova RCT Study)	521	

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	2025 Kshs. '000'	2024 Kshs. '000'
One Health Study	2,217	
Patient Navigation Programme	15,542	15,722
PCTOPM Study	3,612	715
Prepare Scale-up Study	20,504	
PriMA Anciliary Study	475	3,545
PRIMA Study		75
PrIMA –DTG Study	24,209	11,631
PrIMA-X Study	9,854	43,534
SPGM project	5,284	
Summit Study	15,873	35,386
Surgical Site Infection (SSI) Study		906
SII Study	29,484	
TES-NES Efficacy study	2,797	8,062
Timiza Study	15,888	18,218
TPT Study	4,441	2,607
Tiba Supplement Study	7,463	
Vitiligo Trial Study	2793	
Uzima Bora Study		1,569
Zingatia Study	5,714	3,320
SAIA TPT Study	557	
Total Donor funded research projects grants	729,636	583,916

The donor-funded research grants are conditional grants received from donors to support research on specific clinical areas.

7b

Conditional grants reconciliation	2025 Kshs. '000'	2024 Kshs. '000'
Balance unspent at beginning of period	154,764	86,006
Opening balance adjustment		904
Current period receipts	774,530	651,770
Transferred to revenue- Conditions met	(729,636)	(583,916)
Deferred- Conditions not met (note 32)	199,658	154,764

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Public contributions and donations

	2025 Kshs. '000'	2024 Kshs. '000'
General Donations	2,002	52,270
Donations in kind	24,996	12,135
Specific Donations	1,148	
Total Public contributions and donations	28,146	64,405

General Donations of Kshs.2, 002,418 relates to contributions from members of public received in the Hospital in form of consumable items (Kshs. 1,902,418) and cash donations (Kshs.100,000).

Donations in kind of Kshs. 24,996,099 recognized in the statement of financial performance is the amortized value for fixed assets received as donations in the Hospital. During the year, fixed assets totalling to Kshs. 99,722,517 were donated to the Hospital. This has been recognized under property, plant and equipment. The income relating to donated fixed assets is deferred to be recognized over its useful life (note 32).

Specific Donations of Kshs. 1,147,504 relates to deferred amount in FY 2023/24 for Renovation of children play area (Kshs. 522,504) and sports activities (Kshs. 600,000) which were utilized during the period under review (note 32).In addition, Kshs.25,000 was received during the year for Mwai Kibaki Hospital.

9 **Rendering of services**

a) **Medical services revenue**

Accident and Emergency services fee	136,259	54,334
Anaesthesia services fee	5,149	5,281
Cancer Centre Services fee	141,812	154,295
Cardiology services fee	132,161	152,021
Cardiothoracic Surgery Consumables	72,138	23,434
Corporate outpatient Consultation fee		57,702
Critical care unit services fee	190,885	140,935
Dental services fees	56,044	43,690
Ear nose & throat services fee	137,414	109,665
Farewell home services fee	215,938	245,807
General Surgery Services Fee	246,692	328,655
Health Information Services fee	69,241	56,189
Laboratory services fee	1,301,101	1,017,559
Medical gases income	679,061	602,387
Medicine services fee	230,069	258,010
Nursing procedures and consumables fee	557,311	437,502

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	2025 Kshs. '000'	2024 Kshs. '000'
Nutrition services fee	112,308	115,740
Occupational therapy services fee	68,458	63,553
Ophthalmology services fee	64,178	54,247
Orthopaedics services fee	298,872	292,771
Orthopaedic technology fee	29,614	11,226
Outpatient Consultation		305
Paediatrics services fee	62,717	397,756
Paediatrics Surgery	310,173	
Pharmaceutical services fee	1,397,721	1,313,532
Physiotherapy services Fee	108,554	96,846
Plastic surgery services fee	120,935	97,245
Inpatient Fee	417,890	409,126
Radiology services Fee	449,728	400,714
Renal unit services fee	165,810	158,110
Obstetrics & Gynaecology fee	537,217	477,000
Sale of theatre consumables	95,181	67,610
Theatre services fee	210,978	188,148
TSSU/ CSSD services fee	61,944	62,763
Other medical services fee	184,868	49,884
Total medical services revenue	8,868,422	7,944,042
Other medical services fee includes: Gastroenterology fees, Palliative Care fees, Mental Health Services fees, Catering Services fees, Respiratory Infectious diseases services fees, Neurophysiology fees and Public Health services fees		
b) Administrative services revenue		
Administration charges	220,457	172,778
School of Nursing fee	39,256	37,530
Seminars and training	23,060	27,870
Tax Penalties & Interest Waived	335,593	
Recovery of Funds	14,632	
Parking Fee	6,191	11,106
Total administrative services revenue	639,189	249,284
Total rendering of services revenue	9,507,612	8,193,326

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	2025 Kshs. '000'	2024 Kshs. '000'
10 Sale of goods		
Sale of stores	1,285	909
Figs will	609	605
Total Sale of goods revenue	1,894	1,514
11 Rental revenue from facilities		
Residential properties	102,938	99,811
Commercial properties	36,793	30,504
Total rental revenue	139,731	130,315
12 Interest income		
Bank interest	113,752	125,279
Interest on short term deposits	108,076	90,920
Total interest income	221,828	216,199
13 Clinical costs		
Cardiology materials	20,502	16,745
Cardiothoracic Consumables	5,622	13,209
Cleansing Materials	21,725	86,268
Dental Materials	4,880	3,515
Dressing & Appliances	28,971	79,265
Enteral & Nutrition Feed	48,966	42,498
Health Information Stationery	5,023	8,811
ICU Materials		63,474
Laboratory Chemicals & Reagents	338,367	304,573
Medical Gases	596,258	365,734
Orthopedic materials	47,671	65,886
Patients Food	277,746	324,973
Patients Uniform & Clothing	11,916	48,772
Pharmaceutical supplies	698,173	1,020,599
Radiology material & Chemicals	112,076	84,764
Renal materials	31,758	89,730
Surgical consumables	1,169,170	272,784

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	2025 Kshs. '000'	2024 Kshs. '000'
Sutures	281	390,774
Stock Change	(15,393)	72,346
Waste disposal expenses	25,479	713
Theatre consumables	13,716	25,125
Other clinical costs	126,529	99,716
Total Clinical costs	3,569,436	3,480,274
Other Clinical costs include: Purchase of Crockery & Cutlery, Insecticide & Rodenticides, Dressing and appliances, laundry detergents, Radiotherapy materials, Physiotherapy materials, ENT consumables, Occupational Therapy materials, Ophthalmology materials, Paediatric consumables, Orthopaedic technology materials, CCU materials, SPU materials, Infection Control materials, Tailoring materials and obsolete stock.		
14 Employee costs		
Contribution to NSSF	92,457	85,979
Insurance premiums	101,747	103,058
Pension Cost - DB Scheme (note 34b)	1,235,275	1,265,002
Pension Cost – DC Scheme	709,923	503,028
Provision for leave pay (note 31)	6,395	(8,731)
Salaries and wages	12,013,758	11,804,821
Service Gratuity	50,106	181,230
Staff medical expenses	504,140	536,170
Staff training and development	145,618	138,118
Staff welfare expenses	3,997	6,380
Travelling and accommodation	54,982	27,580
Total Employee costs	14,918,398	14,642,635
15 Board of Management expenses		
Sitting allowance	7,680	7,020
Accommodation allowance	8,679	7,168
Chairman honoraria	1,466	960
Chief Executive Officer Salary	11,108	11,108
Airtime	126	84
Mileage	1,762	989
Insurance	753	679
Training	4,895	9,093
Total Board of Management expenses	36,469	37,101

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During the year, Mwai Kibaki Referral Hospital (MKRH) Board was gazetted to transition to a separate parastatal in September 2024. The appointed Board incurred costs of Kshs. 4,739,089. This is included the Board expenses for the year. The full transition for MKRH to report separately is to take effect in FY 2025/26.

	2025	2024
	Kshs. '000'	Kshs. '000'
16 Depreciation		
Freehold Buildings	238,212	229,039
Plant, Machinery & Medical Equipment	474,570	467,595
Motor Vehicles	1,910	7,318
Furniture & Fittings	3,222	3,125
Computers, Copiers & Faxes	13,802	8,287
Total depreciation	731,716	715,364
17 Repair and maintenance expenses		
Buildings	85,585	113,851
Medical equipment	264,310	105,481
Motor vehicle	31,236	37,845
Office Equipment	15,616	14,576
Plant & Machinery	93,348	149,768
Total repair and maintenance expenses	490,095	421,521
18 Administrative expenses		
Audit fees	4,600	6,100
Bank Charges	3,822	4,295
Boiler fuel Expenses	46,094	177,883
Cleaning Services	77,703	40,075
Clearing and Forwarding Expenses	830	366
Computer Consumables	24,687	71,127
Electricity Expenses	223,669	250,062
Ethics & Research expenses	1,056	3,436
ICT Licenses & Permits expense	61,101	68,023
Interest on Finance Lease	56	376
General Insurance Premiums	11,354	11,585
KNH Training & Research	2,713	8,131
Legal Expenses	8,935	19,396
Marketing and Communication	7,643	25,522
Outsourced Security	74,565	76,442
Quality Assurance expenses	1,829	3,544

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	2025 Kshs. '000'	2024 Kshs. '000'
Medical Research expenses	7,468	11,192
Resource mobilization Expenses	6,749	1,629
Security Investigation expense	14,010	5,401
Sports Activities Expenses	6,085	6,207
Staff Uniform	805	6,472
Stationery Expenses	31,503	17,946
Tax Expenses	360,866	36,874
Telephone Expenses	10,082	8,661
Water & Conservancy expenses	127,245	133,921
KEMSA Procurement Fees		1,911
Other Administrative and general Expenses	168,735	54,949
Total Administrative Expenses	1,284,205	1,051,526
19 Donor funded research projects expenses		
ABC Study	7,539	8,649
AGYW Study	1,863	6,594
A Gal Toto Study	4,548	
Attach Scale Up	12,793	
AHISA Study	4,109	129
Bubble CPAP Study		313
Breakthrough Study	37,330	
Baby 2 Home Study	542	
Caffeine Study		762
CFAR-Study	424	
CHATBOT Study	9,927	2,336
CHV-Neo Study	29,606	44,378
CMV Suppression Study	3,881	7,393
Combat AMR One Health Study		26
Connect project	113,026	121,230
ELEZA Study	370	3,052
ELMA Study	12,746	7,393
FP DCT Study		
FP Plus Study	15,264	34,192
Fertility Intentions Study	1,941	2,627

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Global Hope Study	9,765	
Girl Study		478
HCV TX Study	1,225	
HIV & Aging Study	9,310	1,629
HIV Cascade Training Program	31,424	3,843
HIV-TB Study		193
HOPE Kenya Study	2,470	
HTS Scale PrEP Study Grant	7821	
IAEA Fellowship Study		367
Integrate Study	56,848	19,537
IPMH Mental Health Study	85,294	14,198
IPHASA Study	1,051	
KNH HEU - Hope Project	26,093	32,189
LAI study	7,671	15,267
MIIA Study	1,065	1,359
Mindful Study	10,560	
Mobile WACH NEO RCT Study		15,373
Mwach Empower Study	34,252	43,392
MwACH-PrEP Study	21,648	51,727
Novation-1 (Genova RCT Study)	521	
One Health Study	2,217	
Patient Navigation Programme	15,542	15,722
PCTOPM Study	3,612	715
Prepare Scale-up Study	20,504	
PriMA Ancillary Study	475	3,545
PRIMA Study		75
PrIMA –DTG Study	24,209	11,631
PrIMA-X Study	9,854	43,534
SPGM project	5,284	
Summit Study	15,873	35,386
Surgical Site Infection (SSI) Study		906
SII Study	29,484	
TES-NES Efficacy study	2,797	8,062
Timiza Study	15,888	18,218
TPT Study	4,441	2,607
Tiba Supplement Study	7,463	

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	2025 Kshs. '000'	2024 Kshs. '000'
Vitiligo Trial Study	2793	
Uzima Bora Study		1,569
Zingatia Study	5,714	3,320
SAIA TPT Study	557	
Total Donor funded research projects expenses	729,636	583,916
20 Impairment loss on Receivables		
Allowance for impairment loss on Receivables from Exchange transactions (note 24b)	1,193,889	1,160,010
Total Impairment loss on Receivables	1,193,889	1,160,010

Provision for bad and doubtful debts has been made for impaired receivables relating to medical bills and unclaimed bodies bills. The provision made for medical bills relate to indigent patients released from the Hospital on unsecured credit based on a commitment to settle their bills in the future. In addition, provision is made for deceased patients whose bodies are not claimed by relatives and are disposed in accordance with the Public Health Act.

21 Medical services contracts loss		
Contracts with NHIF	206,670	459,182
Linda Mama program	9,994	219,173
Social Health Insurance Fund	287,440	
Emergency Critical & Chronic Insurance Fund	15,394	
Total medical service contracts loss	519,498	678,355

Contracts with NHIF Loss

A contract exists between the Hospital and NHIF (Fund) whereby the Hospital provides medical services to the Fund members and in return, the Fund compensates the Hospital according to the applicable package as listed below:

- (a) Inpatient daily rebate of Kshs. 4,000 (comprehensive cover).
- (b) Reimbursement for surgical procedures is based on pre-determined comprehensive packages.
- (c) Radiology services i.e., C.T Scan and M.R.I. at Kshs. 8,000 and Kshs. 15,000, respectively.
- (d) Renal dialysis at Kshs. 9,500
- (e) Chemotherapy and radiotherapy services reimbursed at the pre-determined package.

The loss relating to contracts with NHIF arises where the medical cost incurred on a patient who is a contributor to the Fund is greater than the rebate reimbursed by the Fund based on the existing medical service contracts. With effect from October, 2024, NHIF Transitioned to SHA.

Linda Mama Program Loss

This loss relates to free maternity services offered by the Hospital under the Presidential directive of June 2013 which was aimed at ensuring that all mothers deliver in a health facility under the care of a skilled health worker.

Under this program, the Government reimburses the Hospital Kshs. 17,500 per delivery. However, KNH being a referral Hospital receives complicated maternal referrals for specialized care services such as renal dialysis, critical care services, and neonatal care for which the medical bills surpass the reimbursement.

With effect from July 2017, the Government transferred the Free Maternity program to NHIF under Linda Mama Program. Under this program, the package was enhanced such that in case of maternal complication the Hospital is allowed to claim a normal rebate rate of Kshs. 4,000 per day in addition to the Kshs. 17,500. With the transition from NHIF to SHA, Linda Mama Program seized to operate.

Social Health Insurance Fund

The SHIF covers medical services for eligible patients at predefined reimbursement rates, including daily medical management, surgeries, radiology services, renal dialysis, chemotherapy and radiotherapy. These services are reimbursed at the following rates;

- (a) Daily management of medical: Kshs 4,480 per day.
- (b) Surgical procedures: Based on pre-determined packages.
- (c) Radiology services: CT scan at KShs 6,900, MRI at Kshs 11,000, and others.
- (d) Renal dialysis: Kshs 10,650.
- (e) Chemotherapy: Up to Kshs 400,000 per household per year.
- (f) Radiotherapy: Kshs 3,600 per session.

- (g) Losses arise when the cost of providing these services exceeds the reimbursement rates established by SHIF

The loss relating to SHIF arises where the medical cost incurred on a patient is greater than the rebate reimbursed by the Fund based on the existing medical service contract.

Emergency Critical & Chronic Insurance Fund

ECCIF, launched in December 2024, covers specific emergency medical conditions, including acute coronary syndromes and accidents, Cardiac / respiratory arrest, major trauma, seizures and other critical care needs within the first 24 hours of admission. The hospital is reimbursed for these services based on pre-determined rates and not all emergencies are covered. However, the total costs of providing comprehensive care for these emergency conditions often exceed the reimbursement rates and therefore the loss reported under medical contracts loss.

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	2025 Kshs. '000'	2024 Kshs. '000'
Net actuarial losses in net liability-DB Scheme		
Net actuarial losses and experience adjustments arising from participants experience	860,510	
Actual return on assets less implied return included in net interest	352,740	153,429
Net actuarial losses in net liability-DB Scheme (note 34c)	1,213,250	153,429

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	2025 Kshs. '000'	2024 Kshs. '000'
Cash and cash equivalents		
Current accounts	486,488	826,474
On-call deposits	1,164,218	1,072,244
Staff Mortgage Deposit	7,818	7,687
M-PESA Account	101	83
Bank Guarantee	2,200	
Total cash and cash equivalents	1,660,825	1,958,610
a) Current accounts		
National Bank of Kenya	469,788	793,342
Equity Bank	21	57
Kenya Commercial Bank	16,679	33,075
Total current accounts	486,488	826,474
b) On-call deposits		
National Bank of Kenya	1,164,218	1,072,244
Euro Bank Ltd (in liquidation)	429,661	429,661
Less: Provision for impairment	(429,661)	(429,661)
Total on-call deposits	1,164,218	1,072,244
The provision for impairment of Kshs. 429,660,514 relates to short-term deposits held in Euro bank now in liquidation		
c) Staff Mortgage deposit		
Housing Finance Co. of Kenya	7,818	7,687
d) M-PESA Account		
KNH MPESA Refund	101	83
e) Bank Guarantee		
Bank Guarantee	2,200	
Total cash & cash equivalents	1,660,825	1,958,610

The Bank guarantee of Kshs. 2,200,000 relates to amount held at National Bank of Kenya as guarantee in lieu of appeal made by the Hospital in the Nairobi High Court for case No. E164 of 2023. The bank guarantee is valid upto 16th April 2026.

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Detailed Analysis of Cash and Cash Equivalents			2025 Kshs. '000'	2024 Kshs. '000'
Financial Institution	Account Name	Account Number		
Current Accounts				
Equity Bank	Equity PDQ	0810260741031	21	57
Kenya Commercial bank	KNH Othaya	1135769672	13,996	30,503
Kenya Commercial bank	Hope Hostel	1144842999	2,682	2,572
National Bank of Kenya	Development	7700035253	86,627	418,183
National Bank of Kenya	Heart Fund	7700035261	244,620	198,688
National Bank of Kenya	PACT-COE	7700035709	12,460	16,662
National Bank of Kenya	Payroll & Administration	7700035237	85,361	34,972
National Bank of Kenya	Recurrent	7700035229	7,667	22,712
National Bank of Kenya	Revenue	7700035245	18,414	46,566
National Bank of Kenya	VCT	7700035296	1	1
National Bank of Kenya	Private Wing	7700035288	14,639	55,558
Sub-Total Held in Current Accounts			486,488	826,474
On-call deposits				
National Bank of Kenya	KNH & M/S Guserwa & Co. Advocates	7712329990	444	291
National Bank of Kenya	Development-call account	7712328811	1,163,774	1,071,953
Euro Bank			429,661	429,661
Provision for impairment- Euro Bank			(429,661)	(429,661)
Sub-Total on-call deposits			1,164,218	1,072,244
Staff mortgage deposit				
Housing Finance Co. of Kenya	Mortgage Scheme Deposit Account	2000027328-0	7,818	7,687
Sub-Total Staff mortgage deposit			7,818	7,687
E-citizen Collection Account				52,122
Safaricom PLC	KNH MPESA Refund	333700997	102	83
National Bank of Kenya	Bank Guarantee	MD2510600022	2,200	
Total cash & cash equivalents			1,660,825	1,958,610

Cash at bank earns interest at a floating rate based on daily bank deposit rates. On-call deposits are made for varying periods, depending on the immediate cash requirements of the Hospital, and earn interest at the prevailing call deposit rate. The cash and cash equivalents of Kshs.1,660,825,168 held by the Hospital as at June 30, 2025 is composed of funds designated for on-going capital projects, conditional grants received for donor funded research projects and current hospital financial obligations.

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	2025 Kshs. '000'	2024 Kshs. '000'
24 Receivable from exchange transactions		
Medical services receivables	18,641,872	15,458,035
Rental receivables	43,773	28,714
School of Nursing receivables	1,972	1,845
Insurance compensation receivables	23,684	23,684
Sub-total	18,711,301	15,512,278
Prepayments	270,188	608,974
Accrued Short term deposit interest	0	281
Legal fees Deposit	16,357	20,755
E-Citizen Receivables	20,792	
Sub-total	19,018,638	16,142,288
Less: Impairment allowance	(13,298,350)	(12,105,331)
Total Receivable from exchange transactions	5,720,288	4,036,957

As at June 30, 2025 trade receivables of Kshs. 13,298,349,615 (June 2024: Kshs. 12,105,330,759.50) were impaired and fully provided for.

Aging Analysis for Receivables from exchange transactions

Description	2024/25		2023/24	
	Kshs. '000'	% of the total	Kshs. '000'	% of the total
Less than 1 year	5,700,026	30%	3,620,044	23%
Between 1-2 years	3,988,102	21%	3,015,188	19%
Between 2-3 years	2,658,736	14%	2,809,866	17%
Over 3 years	6,671,774	35%	6,697,190	41%
Sub-Total	19,018,638	100%	16,142,288	100%
Less: Provision	(13,298,350)		(12,105,331)	
Total	5,720,288		4,036,957	

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b

Reconciliation for impairment allowance for receivables from exchange transactions

At the beginning of the period	12,105,331	10,948,175
Provision recovered during the year	(870)	(2,854)
Additional provisions during the year (note 20)	1,193,889	1,160,010
At the end of the period	13,298,350	12,105,331

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	2025 Kshs. '000'	2024 Kshs. '000'
25 Receivable from non-exchange transactions		
a Grants from National Government	1,466,315	1,990,168
Staff receivables	27,784	11,324
Sub-total	1,494,099	2,001,492
Less: Impairment allowance on recurrent grants	(268,168)	(268,168)
Less: Impairment allowance on Staff receivables	(817)	(869)
Total Receivable from non-exchange transactions	1,225,114	1,732,455

Grants from National Government Receivable

The grants from National Government receivable relates to recurrent grants not disbursed to the Hospital by MoH as per allocation in the FY 2009/10 (Kshs. 144,568,000), FY 2014/15 (Kshs. 113,600,000), FY 2017/18 (Kshs. 9,999,994) and FY 2024/25 (Kshs. 1,198,146,001 for capital & recurrent grants of Kshs. 304,617,600 and 893,528,401 respectively).

Impairment allowance on recurrent grant

The impairment allowance of Kshs. 268,167,994 relates to grants aging beyond FY 2024/25.

Impairment allowance on staff receivables

The impairment allowance of Kshs. 816,996 relates to long outstanding imprest owed by employees who exited service before accounting for the same.

Aging Analysis- Receivable from non-exchange transactions

Description	2024/25		2023/24	
	Kshs. '000'	% of the total	Kshs. '000'	% of the total
Less than 1 year	1,225,114	82%	1,732,455	87%
Between 1-2 years				
Between 2-3 years				
Over 3 years	268,986	18%	269,037	13%
Sub-Total	1,494,099	100%	2,001,492	100%
Less: Provision	(268,986)		(269,037)	
Total	1,225,114		1,732,455	

b Reconciliation for impairment allowance for receivables from non- exchange transactions

	2025 Kshs. '000'	2024 Kshs. '000'
At the beginning of the period	269,037	269,037
Provision recovered during the year	(51)	
At the end of the period	268,986	269,037

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	2025 Kshs. '000'	2024 Kshs. '000'
26 Inventories		
Pharmaceutical & Clinical Supplies	503,731	427,001
Maintenance Supplies	49,967	45,757
Food Supplies	10,024	11,725
Linen and clothing	8,640	37,685
General stores	59,109	12,493
Sub-Total	631,471	534,661
Less: obsolete stock (note 13 under other clinical costs)	(386)	(274)
Total Inventories at the lower of cost and net realizable value	631,085	534,387

27. Property plant and equipment

Description	Freehold Land	Freehold Building	Plant, Machinery & Medical Equipment	Motor vehicles	Furniture and fittings	Computers, copiers and faxes	Capital work in progress	Total
Rate of Depreciation COST OR VALUATION	0% Kshs. '000'	2.50% Kshs. '000'	12.50% Kshs. '000'	25% & 37.5% Kshs. '000'	25% Kshs. '000'	33% Kshs. '000'	Kshs. '000'	Kshs. '000'
As at 30th June 2023	3,477,296	9,158,942	7,454,629	112,918	293,753	344,473	1,672,425	22,514,436
As at 1st July, 2023	3,477,296	9,158,942	7,454,629	112,918	293,753	344,473	1,672,425	22,514,436
Additions			101,153		727	4,718	494,292	600,890
Transfers from WIP		1,307	21,141				(22,448)	
As at 30th June 2024	3,477,296	9,160,249	7,576,923	112,918	294,480	349,191	2,144,269	23,115,326
As at 1st July, 2024	3,477,296	9,160,249	7,576,923	112,918	294,480	349,191	2,144,269	23,115,326
Additions			333,714		372	39,967	120,153	494,206
Transfers from WIP		461,184					(461,184)	
As at 30th June, 2025	3,477,296	9,621,433	7,910,637	112,918	294,852	389,158	1,803,238	23,609,532
DEPRECIATION								
As at 1st July, 2023		3,117,856	5,602,568	103,690	281,478	338,745		9,444,337
Charge for the year		229,039	467,595	7,318	3,125	8,287		715,364
As at 30th June, 2024		3,346,895	6,070,163	111,008	284,603	347,032		10,159,701
As at 1st July, 2024		3,346,895	6,070,163	111,008	284,603	347,032		10,159,701
Charge for the year		238,212	474,570	1,910	3,222	13,802		731,716
As at 30th June, 2025		3,585,107	6,544,733	112,918	287,825	360,834		10,891,417
NET BOOK VALUE								
As at 30th June, 2024	3,477,296	5,813,354	1,506,760	1,910	9,877	2,159	2,144,269	12,955,625
As at 30th June, 2025	3,477,296	6,036,326	1,365,904		7,026	28,323	1,803,238	12,718,113

27 Property, Plant & Equipment (continued)

a) Fully Depreciated Assets

Property plant and Equipment includes the following assets that are fully depreciated:

Asset Class	Cost or valuation Kshs.	Accumulated Depreciation Kshs.
Plant and Machinery	4,211,843,682	4,211,843,682
Motor Vehicles including Motorcycles	112,916,944	112,916,944
Computers and Related Equipment	333,798,481	333,798,481
Office Equipment, Furniture and Fittings	272,867,524	272,867,524
Total	4,931,426,631	4,931,426,631

b) Freehold Land

i. Land Reference No. 209/25138, 209/11460 and 209/12822

During FY 2018/19, adjustment was made to remove proportions of land that were compulsorily acquired for construction of the Mbagathi Way Link Road. The Hospital did not receive compensation for the excised land. The parcels of land and the respective book values that were excised for road construction is as tabulated below:

No.	Land Reference No.	Portion Excised for Road Construction	
		Area in Hectares	Book Value Kshs.
i.	LRN 209/25138	2.1695	160,844,735
ii.	LRN 209/11460	0.2173	15,816,139
iii.	LRN 209/12822	0.0308	2,270,270
	Total	2.4176	178,931,144

ii. Land Reference No. 209/25138

Included in land, is a parcel of land (LRN 209/25138) measuring 45.01 hectares valued at Kshs. 3,337,000,000.

A portion of this land measures 1.35 hectares with a book value of Kshs. 100,087,758 is owned by National Quality Control Laboratories (NQCL) for which the process of excision is on-going.

Adjustment on Land in FY 2021/22: In addition, a portion of this land measuring 2.02 hectares (5 acres) with a book value of Kshs. 150,017,982 was transferred to the Kenya Police for the construction of the Kenya Police Service Hospital in line with Cabinet directive and Board approval. The adjustment to remove this parcel of land has been effected in the Hospital books in FY2021/22. The process of excision is on-going.

The value of land recognized in the financial statements in relation to LRN 209/25138 excludes the portions excised for NQCL, Kenya Police Service and Mbagathi Way Link Road.

iii. Land Reference No 209/13978

Included in land is a parcel of land LRN 209/13978 measuring 2.544 hectares that is jointly owned by Kenyatta National Hospital, University of Nairobi and Kenya Medical Training College. The total value of this parcel of land is Kshs. 220 million. The value of this land that is recognized in the Hospital financial statements in a third proportion at Kshs. 73,333,333.

iv. Mwai Kibaki Hospital Land

Included in the land is a parcel of land measuring 3.2 Ha of land initially valued at Kshs. 50,000,000.

c) Capital Work in Progress

The composition of capital work in progress included in the property, plant, and equipment as at June 30, 2025 is tabulated below:

Description	Amount
	Kshs.'000'
Construction of Paediatrics Emergency and Burns Management Centre	1,142,627
Implementation of ERP	237,077
Construction of Oxygen Plant	300,000
Installation of Generator 1250 KVA	23,725
Renovation of 8th floor Tower Block	99,809
Total	1,803,238

	2025 Kshs. '000'	2024 Kshs. '000'
28 Intangible Assets- Software		
Cost		
At the beginning of the year (July 1)	31,408	31,408
At the end of the year (June 30)	31,408	31,408
Amortization		
At the beginning of the year	31,408	31,408
Charge for the period		
At the end of the period	31,408	31,408
Net Book Value as at June 30	Nil	Nil

The intangible asset which relates to Funsoft Software was fully depreciated as at June 30, 2025.

29 Trade and other payables		
Trade payables	2,101,931	1,048,034
Retention money	117,069	113,761
Remittances	362,528	358,971
Doctors' fees	467,790	529,068
Tax liability	0	335,593
Other Payables	17,205	5,526
Total trade and other payables	3,066,523	2,390,953

Other Payables include unpaid salaries, staff payables, service gratuity and Board members payables

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Aging Analysis for Trade and other payables

Description	2024/25		2023/24	
	Kshs. '000'	% of the total	Kshs. '000'	% of the total
Under one year	2,148,544	70%	1,606,946	67%
1-2 years	673,184	22%	540,223	23%
2-3 years	152,997	5%	130,305	5%
Over 3 years	91,798	3%	113,477	5%
Total	3,066,523	100%	2,390,953	100%

		2025 Kshs. '000'	2024 Kshs. '000'
30	Deposit from customers		
	Admission deposit	5,552	19,349
	Advance receipts	23,769	22,267
	Caution Money	1,261	976
	Credit Facility deposit	20,743	20,758
	TVETA Quality Assurance		216
	Medical Report Deposit	2,004	1,948
	Tender Deposit	141	
	Total deposit from customers	53,470	65,514

Aging analysis: Deposits from customers

Description	2024/25		2023/24	
	Kshs. '000'	% of the total	Kshs. '000'	% of the total
Under one year	28,538	54%	27,877	42%
1-2 years	4,878	9%	6,835	10%
2-3 years	1,085	2%	1,051	2%
Over 3 years	18,969	35%	29,751	46%
Total	53,470	100%	65,514	100%

31	Provision for leave pay		
	Balance at the beginning of the year	108,215	116,947
	Increase in Provision (note 14)	6,395	(8,732)
	Total provisions for leave pay at year end	114,611	108,215

The provision was calculated based on the leave entitlement due to staff at year-end adjusted for; experience adjustment in relation to the forfeiture of leave and leave taken trends and Salary scales applicable at the time of realization of leave by employees.

	2025 Kshs. '000'	2024 Kshs. '000'
32 Deferred income		
Donor funded research projects grants	199,658	154,764
Donations in kind	235,143	160,417
Specific donations	4,618	5,740
School of Nursing pre-paid fee	5,331	5,434
Total deferred income	444,750	326,355

The deferred income movement is as follows:

Details	Donor funded research projects grants Kshs. '000'	Donations in kind Kshs. '000'	Specific donations Kshs. '000'	School of Nursing pre-paid fee Kshs. '000'	Total Kshs. '000'
Balance B/fwd.	154,764	160,417	5,740	5,434	326,355
Receipts during the year	774,530	99,722	25	14,032	888,309
Recognized in SoFP	(729,636)	(24,996)	(1,148)	(14,135)	(769,914)
Deferred income	199,658	235,143	4,618	5,331	444,750

a) Donor Funded Research Projects grants

Deferred Donor funded research projects grants relates to conditional grants received to support research on specific clinical areas which were not utilized as at June 30, 2025.

b) Donations in Kind

Deferred donations in kind relate to fixed assets donated by members of the public to the Hospital. These donations are amortized over their respective useful life. The deferred amount of Kshs. 235,143,578 is the value of the fixed assets that has not been amortized as at the end of the period under review. The amortization for the period is recognized as revenue in the statement of financial performance (note 8).

c) Specific Donations

Deferred Specific donations relate to cash donated by members of the public towards: construction of Hope Hostel (Kshs. 2,450,029); Construction of Children Play Area (Kshs. 167,668.54), Renovation of KNH Maternity Wing (Kshs.2, 000,000).

d) School of Nursing prepaid fee

School of Nursing pre-paid fee of Kshs. 4,967,813 relates to fees paid by students for semesters running beyond the period ended June 30, 2025.

33 National Social Security Arrears

The outstanding amount relates to contribution arrears for the period April 2001 to November 2009 when KNH had sought an exemption on complying with the NSSF Act from the Ministry of Labor and Human Resource Development on the basis that the Hospital had a Pension Scheme. The Ministry declined the request for exemption in the year 2011 on the basis that NSSF was a universal social security pillar and was thus mandatory. The Hospital had by then accumulated arrears totalling to Kshs. 311 million excluding penalties.

The Hospital has been including this amount in the budget for funding to offset the arrears as all personnel-related expenses are funded through the recurrent grant. This amount has, however, not been funded and has thus remained outstanding. Since FY 2016/17 to 2024/25, the Hospital has been paying Kshs. 24 million each year awaiting Ministry of Health intervention.

National Social Security Fund arrears

2025	2024
Kshs. '000'	Kshs. '000'
94,830	118,830

34 Net Defined Benefit Liability

The Hospital operates a defined benefits pension scheme (KNH Staff Superannuation Scheme) and a defined contribution pension scheme (KNH Staff Retirement Benefits Scheme).

i) Defined Contribution Pension Scheme

The KNH Staff Retirement Benefits Scheme assets are managed by fund managers on behalf of the Fund trustees. The current fund managers are Sanlam Investments East Africa Ltd and GenAfrica Asset Managements. The Hospital contribution to KNH Staff Retirement Benefits Scheme is at 15% while employees contribute at 7.5% of basic salary. The Hospital's obligation is limited to any unpaid contribution. Contribution to the scheme during the year under review has been charged to the statement of financial performance.

ii) Defined Benefit Pension Scheme

The Hospital operates a funded defined benefit scheme (KNH Staff Superannuation Scheme) for its employees that is established under irrevocable trust. The scheme was closed to new members with effect from 30th June 2011 and future accrual of benefits on March 31, 2012. Members aged 45 years and above as of the closure date were given the option to remain in the scheme and continue to accrue benefits.

Members aged below 45 years as at closure date are entitled to benefits accrued under the scheme up to March 31, 2012, and benefits from April 1, 2012, would accrue in the new defined contribution (DC) scheme.

The Defined Benefit (DB) scheme assets are managed by fund managers on behalf of the scheme trustees. The current fund managers are Britam Asset Managers (Kenya) Limited and GenAfrica Asset Managers

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Limited. The Hospital contribution to the DB scheme is at 15% while employees contribute at 7.5% of basic salary.

Valuation of the DB scheme assets and the present value of the defined benefit obligation was carried out as at June 30, 2022 by Actuarial Services (E.A) Ltd in line with disclosure requirements under IPSAS 39. The present value of the defined benefit obligation and the related current cost was measured using the Projected Unit Credit Method. The valuation reflected a net defined liability of Kshs. 9,526,293,728 as at June 30, 2022.

For the years ended June 30, 2023, 2024 and 2025 the net defined liability was determined through estimation by management using the reported figures in the financial statements of the DB Scheme as outlined below:

The principal assumptions used for purposes of the actuarial valuation were as follows:

Details	2025	2024
Discount rate (% p.a.)	10%	10%
Future salary increases (% p.a.)	7%	7%
Future pension increases (% p.a.):		
- Service before July 1998	3%	3%
- Service after June 1998	0%	0%
Mortality - males	A1949/52	A1949/52
Mortality - females	A1949/52	A1949/52
The weighted average duration of the defined benefit obligation	9.5	9.5

34(b) Amount recognized in the statement of financial performance.

Details	2025 Kshs. '000'	2024 Kshs. '000'
Current service cost net of employee's contributions	97,087	97,087
Interest on Net Defined Liability	1,138,188	1,167,915
Total included in Employee costs - DB scheme (note 14)	1,235,275	1,265,002

34(c) Net actuarial losses in net liability recognized in the year.

Details	2025 Kshs. '000'	2024 Kshs. '000'
Net actuarial losses and experience adjustments arising from participants experience	860,510	85,663
Actual return on assets less implied return included in net interest costs	352,740	67,766
Total included in other losses in respect of the scheme(note 22)	1,213,250	153,429

34(d) Amount recognized in the statement of financial position.

Details	Period Ended June 30, 2025 Kshs. '000'	Audited 30 June 2024 Kshs. '000'
Present value of funded obligations	(18,983,847)	(17,148,522)
Fair value of Scheme assets	4,353,542	4,501,991
Net Defined Benefit liability	(14,630,305)	(12,646,531)

35 Finance Lease Liability

The Hospital leased an automated car parking system with effect from December 14, 2019, for five years under a finance lease as outlined below:

Description	2025 Kshs. '000'	2024 Kshs. '000'
Finance lease liability at the beginning of period		4,093
Less: Repayment during the period		(2,640)
Finance lease liability at end of period	~	1,453

Maturity Analysis:

Period	Amount Kshs.
Year 2019/20	811,937.47
Year 2020/21	1,790,173.62
Year 2021/22	2,037,274.03
Year 2022/23	2,318,482.05
Year 2023/24	2,640,586.04
Year 2024/25	1,452,8337.18
Total	11,049,210.01

36 Capital Reserve

	2025 Kshs. '000'	2024 Kshs. '000'
As at July 1	14,733,520	12,996,747
Capital Grants received during the period (note 6)	676,967	1,736,773
As at End of the Period	15,410,487	14,733,520

Analysis of Capital Grants

Purpose of Grant	Source of Funds	Grant Type	Amount Kshs.
Construction of Invitro Fertilization Centre of Excellence	GoK	Cash	122,348,859
Refurbishment/ Renovation of Obsolete Equipment	GoK	Cash	250,000,000
Strengthening of Cancer Treatment Management	GoK	Cash	141,500,000
Burns and Paediatrics Centre	GoK	Cash	163,117,600
Total			676,966,459

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	2025	2024
	Kshs. '000'	Kshs. '000'
37 Accumulated fund		
As of July, 1	(17,797,077)	(17,497,369)
Deficit for the period	(2,686,213)	(299,708)
As at End of the Period	(20,483,291)	(17,797,077)
38 Revaluation reserve		
As at July 1	8,623,740	8,623,740
Adjustment during the year	-	
As at End of the Period	8,623,740	8,623,740
39 Notes to the Statement of Cash flow		
a Cash generated from operations		
Deficit for the year	(2,744,159)	(299,708)
Adjusted for:		
Depreciation (note 16)	735,505	715,364
Non-cash grants from National Government(note6)	(335,328)	(240,025)
Non- Cash public donations	(28,021)	
Impairment loss on receivables	1,193,889	1,160,010
Operating Inflow/(Outflow) before working capital changes	(1,178,114)	1,335,641
(Increase) / Decrease in stock	(43,256)	72,620
(Increase) / Decrease in trade and other receivables	(1,188,328)	(860,610)
Increase / (Decrease) in trade and other payables	664,150	81,111
Increase / (Decrease) in deferred income	115,456	37,929
Increase / (Decrease) in deposits from customers	(11,317)	
Increase / (Decrease) in provision for leave pay	6,396	(8,732)
Increase / (Decrease) in finance lease liability	(1,453)	
Increase / (Decrease) in net defined benefit liability	804,236	
Increase / (Decrease) in NSSF Arrears	(24,000)	
Net cash outflow from operating activities	(856,230)	657,959

Interest income has been re-classified from investing to operating activities in line with the reporting template issued by PSASB

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b

	2025	2024
	Kshs. '000'	Kshs. '000'
Grants from National Government Receipts		
Recurrent Grants for current financial year	10,142,676	12,105,500
Recurrent Grants for previous financial year	1,152,000	2,086,333
Total Recurrent Grants Received in FY 2024/25	11,294,676	14,191,833
Capital Grants for current financial year	372,349	1,094,159
Capital Grants for previous financial year	570,000	
Total Capital Grants Received in FY 2024/25	942,349	1,094,159

40 Contingent Liabilities

Paediatric Emergency Centre and Burns Management Centre Project

The construction of the paediatric Emergency Centre and Burns Management Centre commenced in August 2018. The Burns Centre will contain 82 general ward beds, 14 ICU beds and 6 HDU beds while the paediatric Centre will contain 82 general ward beds, 24 ICU and 6 High Dependency beds. The civil works were expected to be completed on 20th August 2020, but the date was revised to 31st December 2024. The amount certified as of 30th June 2025 for the contractor is Kshs.1,312,382,831.13 at 70% of the builders works.

The Contractor

The contractor has submitted financial claims (1-15) on idle plant and machinery of Kshs.905,279,216.16 out of which the consultant has reviewed it downwards to Kshs. 283,257,855 (Claim 1-13).

The Project Consultant

The project consultant suspended consultancy services on 13th May 2024 due to non-payment of fee note 4 amounting to Kshs. 5,863,309.20 and accrued interest on delayed payment. The project consultant has raised a claim of interest on delayed payments on fee note 1 to 3 of Kshs.17,203,412.77 and has since been reviewed to KSH11,124,863. Further, the Project consultant raised claim for change of scope for Kshs.72,646,289.76. The claims are in the process of being verified.

The total claims filed for the project are as tabulated below:

Details	Amount (Kshs)
Contractor Financial Claim	283,257,855.00
Project Consultant interest claim on delayed payments	11,124,863.00
Project Consultant Change of Scope	72,646,089.76
Total	367,028,807.76

41 Financial Instruments

Capital risk management

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

Funds	2025 Kshs. '000'	2024 Kshs. '000'
Revaluation Reserve	8,623,740	8,623,740
Accumulated Fund	(20,483,291)	(17,797,077)
Capital Reserve	15,410,487	14,733,520
Total Funds	3,550,936	5,560,183
Debt		
Finance Lease Liability		1,453
Net Defined Benefit liability	14,630,305	12,646,531
NSSF Arrears	94,830	118,830
Total	14,725,135	12,766,814
Less: Cash and bank balances	(1,660,825)	(1,958,610)
Net debt	13,064,310	10,808,204
Gearing ratio: (Net Debt to total funds)	373%	230%

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 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:

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. The hospital management assesses the credit quality of each customer, considering 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 management.

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

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the current economic environment. Between June 30, 2024 and June 30, 2025, the Hospital did consider there to be a significant concentration of credit risk.

Financial Assets Carrying Amounts

Description As at June 30, 2025	Total Amount Kshs. '000'	Fully performing Kshs. '000'	Past due Kshs. '000'	Impaired Kshs. '000'
Receivables from exchange transactions	19,015,901	5,717,551		13,298,350
Receivables from non-exchange transactions	1,494,098	1,225,114		268,986
Bank balances	1,660,825	1,660,825		
Total	22,170,824	8,603,490		13,567,336
As at June 30, 2024				
Receivables from exchange transactions	16,142,287	2,756,562	1,280,394	12,105,331
Receivables from non-exchange transactions	2,001,492	1,732,456		269,036
Bank balances	2,388,271	1,958,610		429,661
Total	20,532,050	6,447,628	1,280,394	12,804,028

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 NHIF. The Board of Directors sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors of the Hospital, 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. Liquidity risk is the risk that the Hospital will be unable to meet its funding requirements. 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 as at June 30, 2024. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month Kshs. '000'	Between 1-3 months Kshs. '000'	Over 5 months Kshs. '000'	Total Kshs. '000'
As at June 30, 2025	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Trade payables	1,199,966	550,787	1,315,770	3,066,523
Provision for leave pay			114,611	114,611
Deferred income			444,750	444,750
Deposits from customers			53,470	53,470
NSSF arrears			94,830	94,830
Finance Lease Liability				
Net Defined Benefit Liability			14,630,305	14,630,305
Total	1,199,966	550,787	16,653,736	18,404,489
As at June 30, 2024				
Trade payables	958,090	331,264	1,101,599	2,390,953
Provisions			108,215	108,215
Deferred income			326,355	326,355
NSSF arrears			118,830	118,830
Finance Lease Liability			1,453	1,453
Net Defined Benefit Liability		1,265,002	11,381,529	12,646,531
Total	958,090	1,596,266	13,037,981	15,592,337

42 **Related party disclosures**

Nature of related party relationships

Kenyatta National Hospital is related to the National Government, Ministry of Health, University of Nairobi, Kenya Medical Training College, the Board of Management, and key management.

	2025 Kshs. '000'	2024 Kshs. '000'
Transactions with related parties		
i. Transfers from Ministry of Health		
Recurrent Grants received for FY 2024/25	10,142,676	
Recurrent Grants received for FY 2023/24	1,152,000	14,921,659
Non -Cash recurrent grant received	335,328	
Capital Grants received for FY 2024/25	372,349	
Capital Grants received for FY 2023/24	570,000	
Transfers from Ministry of Health	12,572,353	14,921,659

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	2025 Kshs. '000'	2024 Kshs. '000'
ii. Board of Management remuneration		
Sitting Allowance	7,680	7,020
Accommodation Allowance, Insurance & Training	14,327	7,168
Chairman's Honoraria	1,466	960
Mileage	1,762	989
CEO Salary	11,108	11,108
Airtime	126	84
Total Board of Management remuneration	36,469	27,329

There were 9 members of Board (including the Chief Executive Officer) during the year

iii. Key Management Compensation		
Gross Salaries	157,080	133,568
Service Gratuity	49,598	6,068
Total Key Management Compensation	166,248	139,636

20 members of senior management (excluding the Chief Executive Officer) served during the year.

43 Capital Commitments

Capital Commitments at the year-end for which no provision has been made in these financial statements are:

Authorised for	553,617	1,100,000
Authorised and contracted for	958,451	3,887,527
Total Capital Commitments	1,512,068	4,987,527

44 Events after the Reporting Period

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

45 Ultimate and Holding Entity

Kenyatta National Hospital is a state corporation under the Ministry of Health. Its ultimate parent is the Government of Kenya.

46 Currency

The Financial statements are presented in Kenya Shillings rounded to the nearest thousand (Kshs. '000').

20. Appendices

Appendix I: Progress on Follow-up of Auditor's Recommendation

1. Inaccuracies in Cash and Cash Equivalents

Issue / Observations from Auditor

The statement of financial position and as disclosed in Note 24 to the financial statements, reflects a cash and cash equivalents balance of Ksh. 1,958,610,000 out of which Ksh. 826,474,000 relates to current account balances. However, it was noted that the bank account for the current account reflects a balance of Ksh. 22,712,000 while the bank reconciliation statement reflects Ksh. 3,005,439, resulting in an unexplained variance of Ksh. 19,706,561. Further, the payroll and administration account bank reconciliation statement reflects a reconciled cashbook balance of Ksh. 34,971,829, while the manual cashbook maintained reflects Ksh. 34,884,799, resulting in an unexplained variance of Ksh. 87,030. In addition, the bank reconciliation statement for the private wing account reflects the cashbook balance of Ksh. 55,242,718.97, while the manual cashbook reflects Ksh. 55,557,850, resulting in an unexplained variance of Ksh. 315,131.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Ksh. 1,958,610,000 as at 30 June 2024 could not be confirmed.

Management Response

Recurrent Cashbook

The recurrent cashbook balance in the financial position of Ksh. 22,711,495.36 varies from the cashbook balance Ksh. 3,005,438.90 by Ksh. 19,706,056.50. The variance arose from Private Wing's PAYE remittances of October and November 2020, which were submitted to the main Hospital in order to generate a single e-slip for payment of the consolidated hospital's PAYE.

The accounting entries done for this transaction resulted in an error in the books that overstated the overall cash and cash equivalents and the reported doctors' fee balance.

Reconciliation and the relevant adjustments have been effected in the financial statements for the year ended June 30, 2025.

Payroll Administration Account

The closing balance of the Payroll Administration cashbook was Ksh. 34,884,799. This balance was readjusted with the following unapplied payments, which were reversed in order to reprocess the payments. The same are listed in the unapplied payment and Accounts Payable schedules as follows;

	Payee	Date unapplied	Amount
a.	Sospeter Nyamag	8th August 2023	Ksh. 15,405.40
b.	Kenya Psychiatric Association	20th September 2023	Ksh.34,000.00
c.	Laparoscopy & Bariatric Centre	1st November 2023	Ksh.37,625.00
	Total		Ksh.87,030.00

Particulars	Amount Ksh.	Remarks
Balance as per Cash Book	34,884,798.15	
Unapplied Payments		
Sospeter Nyamag	15,405.40	In the Unapplied payment schedule

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Particulars		Amount Ksh.	Remarks
Unapplied Payments	Kenya Psychiatric Association	34,000.00	In Accounts Payable
Unapplied Payments	Laparoscopy And Bariatric Surgery Centre	37,625.00	In Accounts Payable
Readjusted Cashbook Balance		34,971,828.55	
Financial Statement Balance		34,971,828.55	
Variance		0.00	

The unexplained variance of Ksh.. 315,131 in the Private Wing account was as a result of stale cheques relating to refunds of patient deposits and accounts payable, which were reinstated as a result of the reversed stale cheques.

Status: Resolved

Time frame: June 30, 2025

Emphasis of Matter

1. Budgetary Control and Performance

Issue / Observations from Auditor

The statement of comparison of budget and actual amounts reflects the final revenue budget of Ksh. 26,534,005,000 and actual on a comparable basis of Ksh. 23,857,407,000, resulting in an underfunding amounting to Ksh. 2,676,598,000 or 10% of the budget.

The underfunding affected the planned activities and may have negatively impacted service delivery to the public.

Management Response

During the period, revenue generation fell short of the budget by 10% due to the reduced number of patients occasioned by the prolonged National Doctors' industrial strike, which lasted for 56 days.

Status: Resolved

Time frame: June 30, 2025

2. Trade and Other Payables

Issue / Observations from Auditor

The statement of financial position and as disclosed in Note 30 to the financial statements, reflects the trade and other payables balance of Ksh. 2,390,953,026. Included in the balance are trade payables amounting to Ksh. 784,006,463, accounting for 33% that have been outstanding for more than one (1) year and were attributed to unpaid suppliers.

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Failure to settle bills during the year to which they relate adversely affects the budgetary provisions for the subsequent year, as they form a first charge.

Management Response

Out of Ksh. 784,006,463, outstanding in trade and other payables, Ksh.532,906,030.54 has been settled, where Ksh. 197,312,595.54 has been paid to creditors, while Ksh. 335,593,435 relating to tax liability has been waived by the Kenya Revenue Authority (KRA). Following further review, some of the outstanding supplier balances were not fully supported with the required documentation. A process of write-back has begun in line with the Finance Policy and Procedure Manual.

Description	Amount Ksh.	Amount paid Ksh.	Balance Ksh.
Trade Creditors	139,091,602.78	59,768,583.25	71,781,446.85
Remittances	11,001,959.29	1,333,110.56	11,001,959.29
Retention Money	99,489,843.93	3,950,901.73	110,982,318.34
Doctors' Fee - KPCC	198,829,622.00	132,260,000.00	66,569,622.00
Tax Liability	335,593,435.00	335,593,435.00	0.00
Total	784,006,463.00	532,906,030.54	260,335,346.48

Status: In Progress

Time frame: June 30, 2025

Other Matter

3. Unresolved Prior Year Matters

Issue / Observations from Auditor

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as of 30 June, 2024.

Management Response

The progress status of prior year audit issues has been presented to the Public Investment Committee.

Status: Resolved

Time frame: June 30, 2025

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1. Staff Earning Less Than One Third of Basic Salary

Issue / Observations from Auditor

Review of the payrolls revealed that six hundred and eighty-two (682) staff were paid net salaries that were less than one third (1/3) of their basic salaries during the year under review. This was contrary to

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Section 19(3) of Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

Management Response

The employees' salaries were reduced below the 1/3 rule due to the implementation of the affordable Housing levy, upward adjustment of NSSF Rates, change of PAYE Taxation rates, disciplinary cases, court attachments, exits in the middle of the month and recovery of Government liabilities.

The Hospital migrated to the new Government Human Resource Information System in December 2024, which is programmed to decline entries of third-party deductions to ensure compliance with the one-third rule.

Status: Resolved

Time frame: June 30, 2025

2. Delayed Implementation of Medical Oxygen Generating Plant

Issue / Observations from Auditor

The statement of financial performance and as disclosed in Note 13 to the financial statements, reflects clinical costs of Ksh. 3,480,274,000. The amount includes the medical gases cost of Ksh. 365,734,000 incurred in a project which was started in May 2022 with an expected completion date of November 2022. However, as at the time of the audit in December 2024, the project was incomplete for more than twenty-four (24) months from the initial project completion date. Further, there was no evidence that the contractor extended the advance payment guarantee and performance bond, which expired on 13 October 2023. This was contrary to section 2(a) of the Public Procurement and Asset Disposal Act, 2015 which states that, to manage complex and specialized procurement contracts the contract implementation team shall be responsible for monitoring the performance of the contractor, to ensure that all delivery or performance obligations are met or appropriate action taken by the procuring entity in the event of obligations not being met;

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

Management Response

- i. The original contract was executed on 12th May 2022 between the Principal Secretary, Ministry of Health (MoH) and Biomax Africa Limited at a contract price of Ksh. 443,659,400.
- ii. The initial contract duration was six (6) months commencing from 12th May 2022. This was extended by the MoH to 30th June 2023 through a letter dated 7th November 2022.
- iii. By 30th June 2023, the Plant had not been shipped into the country, prompting further extensions by KNH to accommodate delivery, installation, and testing. These extensions were supported by detailed work plans and valid performance guarantees for the following periods: -
 - o 1st July 2023 to 30th October 2023;
 - o 1st November 2023 to 31st March 2024; and

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- 1st April 2024 to 31st August 2024
- iv. Between March and August 2024, the Hospital raised several concerns with the Contractor regarding substandard testing results, particularly in oxygen purity and pressure levels.
- v. Subsequently, the Contractor abandoned the project and filed case HCCOMMMISC/E993/2024: *Biomax Africa Limited vs. Principal Secretary for Medical Services, MoH & CEO, KNH*, alleging failure to commission the Plant and non-payment for additional works.
- vi. The Hospital sought legal guidance from MoH. Vide letter ref. No. MOH./LEGAL/267 VOL.II/134 dated 17th February 2025, the Ministry advised a tripartite meeting between KNH, MoH and Biomax to resolve the matter amicably and facilitate project completion.
- vii. The tripartite meeting was held on 28th February 2025, during which it was resolved that the Hospital negotiations with the Contractor to enter into a Supplemental Agreement to revive and complete the project. Biomax agreed to the proposal and has since withdrawn the court case in its entirety.
- viii. The Supplemental Agreement has been duly executed by both parties.
- ix. The Contractor resumed activities on site as of 1st April 2025 and is expected to complete all pending works not later than 31st August 2025.

Status: In Progress

Time frame: June 30, 2026

3.0 Medical Services Contract Loss

3.1 Contracts with National Hospital Insurance Fund

Issue / Observations from Auditor

The statement of financial performance and as disclosed in Note 22 to the financial statements, reflects medical services contracts loss of Ksh. 678,355,000. Included in the amount is Ksh. 459,182,000 in relation to the loss from the National Health Insurance Fund (NHIF), an increase by 17% from Ksh. 379,100,000 reported in the previous year. The NHIF loss arises where the medical cost incurred by a patient who is a contributor to NHIF is greater than the rebate reimbursed by the Fund based on the existing Medical Services Contract.

It was noted that the Hospital has continued to engage NHIF and the Ministry of Health on the loss-making contracts from 2016 to 2022, as evidenced in several correspondences. Although a renegotiated contract commencing 1 July 2022 has enhanced the number of claimable services, the annual loss incurred during the year is still significant and stands at Ksh. 459,182,000.

In the circumstances, the Hospital continues to bear the losses unless the NHIF reimbursable amounts are reviewed upwards.

Management Response

The NHIF–KNH medical service contract was a comprehensive contract where members of NHIF were fully covered for costs incurred in KNH. NHIF reimbursed the cost of service to KNH at a fixed rebate rate. The rebate rate was below the average cost of service, as shown below:

Sample of loss-making services			
Service	NHIF Benefit Ksh.	KNH Average Cost of Service Ksh.	Average Loss per service Ksh.

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Medical inpatient bills	4,000	7,850	3,850
Normal Delivery	10,000	21,000	11,000
Caesarian Section Delivery	30,000	52,000	22,000
Critical Care Unit	4,000	56,000	51,000
C-T Scan	6,000	10,000	4,000
MRI	9,600	20,000	10,400

The implementation of the National Universal Health Care under the BETA Agenda has improved reimbursement rates that will significantly reduce the loss associated with the Medical Service Contract.

The Medical Service Contract with NHIF 2022/2024 came to an end with the enactment of the new Social Health Insurance Act 2023 (SHA), which officially commenced operations on 1st of October 2024. Medical services previously offered by NHIF were taken over by the Social Health Insurance Fund. The benefits to patients have been improved, and the coverage increased as follows.

- Daily Inpatient reimbursement rebate has been improved from Ksh. 4,000 to Ksh. 4,480
- The Renal Services reimbursement rate has been improved from Ksh. 9,500 to Ksh. 10,650
- Surgical services reimbursement has been improved by a margin of between 12% to 17%
- Emergency care services (before patient admission) have been onboarded on a fee-for-service basis within 24 hours.
- Radiology services have been improved from Ksh. 6,000 & Ksh. 8,000 to Ksh. 6,900 & Ksh. 11,000 for CT Scan and Magnetic Resonance Imaging (MRI), respectively.
- Oncology Chemotherapy is on a continuous reimbursement cover of up to Ksh. 400,000.
- Radiology cover has been enhanced from maximum coverage of 20 sessions to unlimited cover depending on clinical prescription.

The Hospital expects the new tariffs to reduce the medical losses as the hospital continues to engage the Authority on areas with low reimbursement, e.g. high cost medication, Intensive Care Unit and surgical implants.

The tariffs are supported by the Kenya Gazette supplement No.172 dated 20th September 2024 under the legal notice No.146 on the Social Health Insurance Act 2023. Therefore, the loss emanating from the program is expected to reduce from 1st October 2024.

Status: Resolved

Time frame: June 30, 2025

3.2. Linda Mama Program

Issue / Observations from Auditor

The statement of financial performance and as disclosed in Note 22 to the financial statements, includes medical services contracts of Ksh. 678,355,000 out of which Ksh. 219,173,000 relates to loss on Linda Mama Program offered by the Hospital, being an increase by Ksh. 29,036,000 or 13% from Ksh. 190,137,000 reported in the previous year. It was noted that the Government reimburses the Hospital Ksh. 17,500 per delivery despite receiving critical care services and neonatal care, whose medical cost could be way above Ksh. 100,000. However, with effect from July 2017, the package was enhanced to allow the Hospital to claim a normal rebate rate of Ksh. 4,000 per day in addition to the Ksh. 17,500 in case of complications. The review was, however, not sufficient to cover the costs and the accumulated losses during the year, which amounted to Ksh. 219,173,000.

In the circumstances, the Hospital continues to bear the losses arising from free maternity programs unless the tariffs are reviewed upwards.

Management Response

The NHIF–KNH medical service contract was a comprehensive contract where members of NHIF were fully covered for costs incurred in KNH. NHIF reimbursed the cost of service to KNH at a fixed rebate rate of Ksh. 17,500. The rebate rate was below the average cost of service, as shown below:

Linda Mama packages			
Service	NHIF Benefit Ksh.	KNH Average Cost of Service Ksh.	Average Loss per service Ksh.
Normal Delivery	17,500	21,000	3,500
Caesarian Section	17,500	52,000	34,500

Following the enactment of the new Social Health Insurance Act 2023, which commenced operations on 1st October 2024, Linda Mama Services has since ceased to operate in the hospital as per the Kenya Gazette Supplement No.172 dated 20th September 2024 under the legal notice No.146 on the Social Health Insurance Act.

Status: Resolved

Time frame: June 30, 2025

4. Incomplete Paediatrics' Emergency and Burns Management Centre

Issue / Observations from Auditor

Note 41 to the financial statements on contingent liabilities reflects the project contractor's cost and consultant costs of Ksh. 3,310,812,903 and Ksh. 123,698,252 respectively, totalling Ksh. 3,434,511,155. However, the contract was awarded at a project cost and consultant cost of Ksh. 2,959,511,555 and Ksh. 39,927,200 respectively, totalling Ksh. 2,999,438,755. This indicates an increase by Ksh. 435,072,400 or 15% of the original costs. The escalation of costs is largely attributed to delays in setting claims, which continues to attract interest. Further, there was no evidence of ongoing negotiations between the management and the contractor and the consultant.

It was also noted that the project was to be financed through a concessionary loan from development partners of Ksh. 1,235,724,580 and the Government of Kenya of Ksh. 1,723,786,975 with an initial completion date of 20 August 2020, which has lapsed. Extension of the loan agreements with the development Partners to 31 July 2024 has also expired with no evidence of subsequent extension as at the time of the audit.

In the circumstances, value for money on amounts spent on the construction of the Paediatrics Emergency and Burns Management centre could not be confirmed.

Management Response

The contingent liabilities disclosed in the FY 2022/2023 Financial Statements relate to claims made by contractors and consultants. These claims have not yet been verified, accepted, or approved for recognition as actual liabilities. The Hospital is currently undertaking a review of the merit of all submitted claims. Upon completion of this verification process, the findings will be submitted to the National Treasury through the Ministry of Health for appropriate guidance.

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The contingent liabilities disclosed in the FY 2022/2023 Financial Statements relate to claims made by contractors and consultants. These claims have not yet been verified, accepted, or approved for recognition as actual liabilities. The Hospital is currently undertaking a review of the merit of all submitted claims. Upon completion of this verification process, the findings will be submitted to the National Treasury through the Ministry of Health for appropriate guidance.

To facilitate this process, the Hospital has requested the relevant contractors and consultants to provide supporting documentation to substantiate their claims.

Regarding project financing, the development partners have extended the loan agreement to 30th April 2025. In March 2025, the Hospital, through the Ministry of Health and the National Treasury, formally requested a further extension of the loan agreement until August 2026. A response from the financiers is currently awaited. As of Interim Payment Certificate (IPC) No. 14, the certified value of works amounts to Ksh. 1,217,956,722.

Status: In Progress

Time frame: June 30, 2025

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Lack of Segregation of Duties

Issue / Observations from Auditor

The ICT department assigned overlapping group roles across various departments. From the audit, it was not possible to confirm which department was to perform the overlapping roles, resulting in a lack of segregation of duties, which further resulted in increased risk of undetected errors and unauthorised or fraudulent activities. Review of the system processes revealed that a supply chain officer could amend orders, perform inspections and receive stocks. In addition, a finance officer could register suppliers, change supplier account numbers, commit orders and make direct cash payments. Further, there was no clear distinction between human resources and payroll staff.

In the circumstances, the effectiveness of internal controls in procurement and human resource processes could not be confirmed.

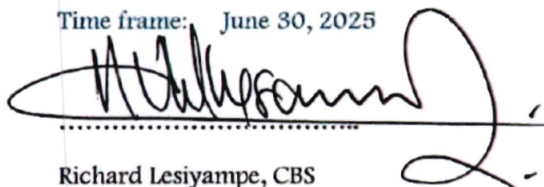
Management Response

The Hospital upgraded from the Funsoft system to a more robust SAP /ERP system, which has enhanced internal controls that ensure segregation of duties through:-

- i. Role-based access control to ensure that each employee is granted access solely to the parts of the system necessary for their role.
- ii. Access control matrix, which clearly defines the responsibilities and permissions associated with each position.
- iii. Responsibilities are segregated so that no individual is permitted to both initiate and approve changes.

Status: Resolved

Time frame: June 30, 2025



Richard Lesiyampe, CBS
Ag. Chief Executive Officer

Date: 15.12.2025

Appendix II: Projects Implemented by KNH

	Project title	Source of Funding	Period/ duration	GOK/ DEV Partner commitment (Ksh.)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.	Refurbishment/Renovation and Replacement of Obsolete Equipment	GOK		1,550,000,000	No	Yes
a.	Renovation of the 8th Floor		52 weeks		No	Yes
b.	Renovation of the 7 th Floor				No	No
c.	Replacement of Obsolete Equipment		52 weeks		No	Yes
2	Construction and Equipping Cancer Treatment Centre					
a	Cancer Treatment Centre Phase I	GOK	104 weeks	364,393,069	No	Yes
b	Cancer Treatment Centre Phase II				No	No
c	Construction of Two Bunkers		52weeks	96,789,750	No	Yes
d	Equipping of the CTC					No
3.	Construction and Equipping of Medical Oxygen Generating Plant	World Bank/GOK	52 weeks	443,659,400	No	Yes
4.	Burns and Paediatric Emergency Centre	GOK, OFID, SFD BADEA	104 weeks	5,482,236,517	No	Yes
7.	Replacement of Obsolete Equipment& Equipping Daycare Centre	Sports, Art and Social Development Fund	52 weeks	627,075,029	No	Yes
8.	Expansion of specialised service	Sports, Art and Social Development Fund	52 Weeks	667,136,605	No	No
9.	Renovation and equipping of the KNH Fertility Centre	SASDF	52 Weeks	122,348,859	Yes	Yes

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Appendix III: Status of Projects Completion as at June 30 2025

	Project	Total project Cost (Ksh.)	Total expended to date (Ksh.)	Completion % to date	Budget (Ksh.)	Actual (Ksh.)	Sources of funds
1.	Refurbishment/Renovation and Replacement of Obsolete Equipment						
	Renovation of the 8th Floor	1,550,000,000	99,808,851	95%		99,808,851	GOK
	Renovation of the 7 th Floor		0				
	Replacement of Obsolete Equipment		1,450,191,149	80%			GOK
2.	Construction and Equipping Cancer Treatment Centre						
	Cancer Treatment Centre Phase I	364,393,069	364,393,069	100%	364,393,069	364,393,069	GOK
	Cancer Treatment Centre Phase II		0	0		0	GOK
	Construction of Two Bunkers	96,789,750	96,789,750	100%	96,789,750	96,679,521	GOK
3.	Medical Oxygen Generating Plant	443,659,400	300,000,000	95% Builders' work & 95% installation of equipment	443,659,400	300,000,000	GOK through the World Bank
4.	Construction Burns and Paediatrics Emergency Centre	2,959,511,555	1,168,177,714	40% overall completion 90% Structural works	2,959,511,555	1,168,177,714	GOK, OFID, SFD BADEA
	Consultancy Services for the Construction Burns and Paediatric Emergency Centre	39,789,750			39,789,750		
	Equipping of the Burns and Paediatric Emergency Centre				2,482,935,212		
5.	Replacement of Obsolete Equipment & Equipping Daycare Centre (Boiler and reticulation system)	627,075,000	604,856,100	100% installation 96.5% Equipping	627,075,000	604,856,100	Sports, Art and Social Development Fund

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	Project	Total project Cost (Ksh.)	Total expended to date (Ksh.)	Completion % to date	Budget (Ksh.)	Actual (Ksh.)	Sources of funds
6.	Expansion of specialised services	667,136,605	0	1%		0	Sports, Art and Social Development Fund
7.	Renovation and equipping of the KNH Fertility Centre	122,348,859	0	0	122,348,859	-	Sports, Art and Social Development Fund

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Appendix IV & V: Inter-Entity Transfer Confirmation

 KENYATTA NATIONAL HOSPITAL Address: P.O BOX 20723-00202, Nairobi. Telephone: 020 2726300-4 020 4243000 020 7244000 Cellphone Numbers: 0730 643 000 0709 854 000 Email: knhadmin@knh.or.ke					
Ref: KNH/FIN/12/Vol.III/54	Date: 18 th July 2025				
Dr Ouma Oluga, OGW The Principal Secretary State Department of Medical Services Ministry of Health P.O Box 30016 - 00100 NAIROBI					
Attn: Head of Accounts					
RE: INTER ENTITY TRANSFER CONFIRMATION FOR FINANCIAL YEAR 2024/2025					
In line with Public Sector Accounting Standards Board (PSASB) requirement, Kenyatta National Hospital wishes to confirm the amount received from your disbursement as at 30 th June 2025.					
According to our records, KNH received Recurrent Grants for FY 2024/2025 of Kshs. 11,036,204,600.0 and Capital grant of Kshs 676,966,459 as tabulated below;					
Inter Entity Transfer FY 2024/2025 - as at 30.06.2025					
A. Recurrent Grant					
Institution	Grant Period	Amount Requested (Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
KNH Main	July 2024	808,828,042.00	14-Aug-24	1400002263	808,828,042.00
Mwai Kibaki Hospital	July 2024	65,000,000.00	14-Aug-24	1400002262	65,000,000.00
MMUH	July 2024	41,250,000.00	14-Aug-24	1400002261	41,250,000.00
Emergency Relief	July 2024	3,433,333.00	31-Aug-24	1400002099	3,433,333.00
KNH Main	August 2024	808,828,042.00	14-Sep-24	1400002097	808,828,042.00
Mwai Kibaki Hospital	August 2024	65,000,000.00	14-Sep-24	1400002098	65,000,000.00
MMUH	August 2024	41,250,000.00	14-Sep-24	1400002100	41,250,000.00
Emergency Relief	August 2024	3,433,333.00	14-Sep-24	1400002264	3,433,333.00
KNH Main	September 2024	808,828,041.00	16-Oct-24	1400002379	808,828,041.00
Mwai Kibaki Hospital	September 2024	65,000,000.00	16-Oct-24	1400002380	65,000,000.00
MMUH	September 2024	41,250,000.00	16-Oct-24	1400002381	41,250,000.00
Emergency Relief	September 2024	3,433,333.00	16-Oct-24	1400002382	3,433,333.00
KNH Main	October 2024	808,828,041.00	14-Nov-24	1400002973	808,828,041.00
Mwai Kibaki Hospital	October 2024	65,000,000.00	14-Nov-24	1400002974	65,000,000.00
MMUH	October 2024	41,250,000.00	14-Nov-24	1400002971	41,250,000.00

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Institution	Grant Period	Amount Requested (Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
Emergency Relief	October 2024	3,433,333.00	14-Nov-24	1400002972	3,433,333.00
KNH Main	November 2024	808,828,041.00	13-Dec-24	1400004273	808,828,041.00
Mwai Kibaki Hospital	November 2024	65,000,000.00	13-Dec-24	1400004277	65,000,000.00
MMUH	November 2024	41,250,000.00	13-Dec-24	1400004280	41,250,000.00
Emergency Relief	November 2024	3,433,333.00	13-Dec-24	1400004274	3,433,333.00
KNH Main	December 2024	808,828,041.00	14-Jan-25	1400004303	808,828,041.00
Mwai Kibaki Hospital	December 2024	65,000,000.00	14-Jan-25	1400004304	65,000,000.00
MMUH	December 2024	41,250,000.00	14-Jan-25	1400004302	41,250,000.00
Emergency Relief	December 2024	3,433,333.00	13-Jan-25	1400004294	3,433,333.00
KNH Main	January 2025	808,828,041.00	12-Feb-25	1400005613	808,828,041.00
Mwai Kibaki Hospital	January 2025	65,000,000.00	12-Feb-25	1400005611	65,000,000.00
MMUH	January 2025	41,250,000.00	12-Feb-25	1400005610	41,250,000.00
Emergency Relief	January 2025	3,433,333.00	12-Feb-25	1400005612	3,433,333.00
KNH Main	February 2025	808,828,041.00	17-Mar-25	1400006263	808,828,041.00
Mwai Kibaki Hospital	February 2025	65,000,000.00	17-Mar-25	1400006264	65,000,000.00
MMUH	February 2025	41,250,000.00	17-Mar-25	1400006265	41,250,000.00
Emergency Relief	February 2025	3,433,333.00	17-Mar-25	1400006266	3,433,333.00
KNH Main	March 2025	821,845,069.00	15-Apr-25	1400006946	821,845,069.00
Emergency Relief	March 2025	3,433,333.30	15-Apr-25	1400006948	3,433,333.30
Mwai Kibaki Hospital	March 2025	65,000,000.00	15-Apr-25	1400006949	65,000,000.00
MMUH	March 2025	41,250,000.00	15-Apr-25	1400006947	41,250,000.00
KNH Main	April 2025	821,845,068.00	12-May-25	1400008468	821,845,068.5
Emergency Relief	April 2025	3,433,333.00	12-May-25	1400008471	3,433,333.30
Mwai Kibaki Hospital	April 2025	65,000,000.00	12-May-25	1400008470	65,000,000.00
MMUH	April 2025	41,250,000.00	12-May-25	1400008469	41,250,000.00
KNH Main	May 2025	821,845,068.00	17-Jun-25	1400009461	821,845,068.00
Emergency Relief	May 2025	3,433,333.30	17-Jun-25	1400009459	3,433,333.00
Mwai Kibaki Hospital	May 2025	65,000,000.00	17-Jun-25	1400009462	65,000,000.00
MMUH	May 2025	41,250,000.00	17-Jun-25	1400009463	41,250,000.00
KNH Main	June 2025	821,845,069.00	03-Jul-2025	1400009985	783,845,064.00
Emergency Relief	June 2025	3,433,333.30	01-Jul-2025	1400009984	3,433,337.00
Mwai Kibaki Hospital	June 2025	65,000,000.00	01-Jul-2025	1400009986	65,000,000.00
MMUH	June 2025	41,250,000.00	01-Jul-2025	1400009995	41,250,000.00
Total		11,074,204,600.00			11,036,204,600.00

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B. Capital Grant

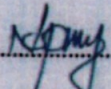
Purpose	Grant Period	Amount Requested (Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
IVF - Sports Fund	FY2023/24	122,348,859.00	22-10-24	1400002635	122,348,859.00
refurbishment/renovation of obsolete equipment	FY2024/25	470,000,000.00	08-May-25	1400008514	250,000,000.00
Strengthening of Cancer Management	FY2024/25	141,500,000.00	03-Jul-2025	1400010031	95,750,000.00
	FY2024/25		14-Jul-2025	1400010605	45,750,000
Burns and Paediatrics Centre	FY2024/25	163,117,600.00	14-Jul-2025	1400010603	53,040,400
	FY2024/25		14-Jul-2025	1400010603	55,000,000
	FY2024/25		14-Jul-2025	1400010603	55,077,200
Procurement of Specialized Equipment	FY2024/25	600,000,000.00			
Total		1,496,966,459.00			676,966,459

Confirm that the amounts shown above are correct as indicated.

Head of Accounts Department, Kenyatta National Hospital

Name: CPA Michael Kihuga Signature:  Date: 18/07/25

f. Head of Accounts Department, Ministry of Health

Name: Nazari Dpiya Signature:  Date: 18th July 2025

Appendix VI: Reporting of Climate Relevant Expenditures

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

N/B: The Hospital did not incur any expenditure in regards to climate

Appendix VII: Reporting on Disaster Management Expenditure

Program	Sub-program	Disaster Type	Category of disaster-related Activity that requires expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh.)	Comments
Disaster preparedness	1. Disaster Management Training	1. Polytrauma	1. Road traffic accident patients	1. Disaster patients' bills	11,007,023	1. The Hospital is in the process of establishing relevant partners in disaster preparedness and response.
	2. Establishment of Chemical, Biological, Radiological & Nuclear Explosives (CBRNe) response HAZMAT (Hazardous Materials) team	2. Pandemics	2. Poly-trauma related to collapsed	2. Procurement of disaster management materials	4,464,000	
	3. Establishment of partners	3. CBRNe	3. CBRNe-exposed casualties	3. Maintenance of fire equipment	583,580	2. The process of Construction of the decontamination booth was initiated in FY 2024/25 and is expected to be completed in FY 2025/26
	4. Disaster Management medical supplies & equipment	4. Fire	4. Disaster response supplies and equipment			3. HAZMAT team has been nominated to be trained in FY 2025/26
	5. Demonstrations, Drills, Mock exercises and simulations		5. Construction of decontamination booth			
			6. Procurement of CBRNe antidotes & other drugs			
			7. Training facilitators' fee			
			8. Mankins' address, donning & doffing			
			9. Procurement of Hazardous Materials			
			10. Cost of meeting Venues for drills, Table Top exercises (TTX) simulations			
			11. Maintenance of fire equipment			

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Program	Sub-program	Disaster Type	Category of disaster-related Activity that requires expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh.)	Comments
Disaster Management documents development & review	1. Development of Disaster plan & policy 2. Development of CBRNe preparedness & response policy 3. Development of disaster SOPs, Work instructions, and work plan	1. Polytrauma 2. Pandemics 3. CBRNe 4. Fire	1. Meeting Venues cost and related conference facility costs 2. Travel and accommodation costs 3. Disaster exchange programmes 4. Research materials	1. Meeting Venues cost and related conference facility costs 2. Travel and accommodation costs	710,400	CBRNe policy was initiated in FY 2024/25, awaiting review and approval by the Board. The other policy documents are planned for development in FY 2025/26
Disaster Management monitoring & Evaluation	Monitoring & Evaluation of preparedness and response	1. Polytrauma 2. Pandemics 3. CBRNe 4. Fire	1. Disaster preparedness & response audits 2. Disaster management matrix implementation		Nil	During the year under review disaster management matrix was implemented and is ongoing. Audits are planned for FY 2025/26
Total Expenditure					16,795,003	

