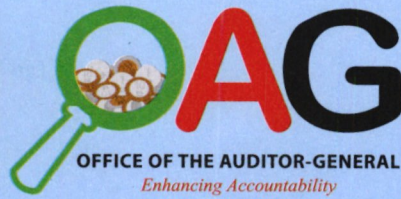


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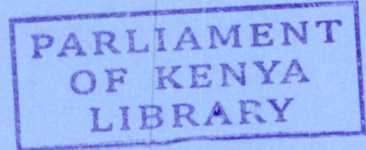
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

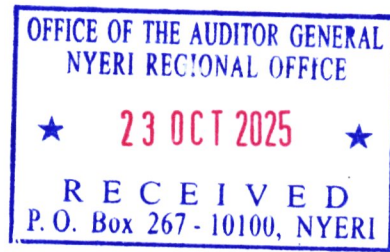
ON

**NAROMORU LEVEL 4 HOSPITAL
COUNTY GOVERNMENT OF NYERI**

**FOR THE YEAR ENDED
30 JUNE, 2025**

| PAPERS LAID | |
|--------------------|----------|
| DATE | 26/11/25 |
| TABLED BY | S.M.L |
| COMMITTEE | - |
| CLERK AT THE TABLE | Belinda |





Revised 30th June 2025



NAROMORU LEVEL 4 HOSPITAL

NYERI COUNTY GOVERNMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

| | |
|---------|--|
| CSR | Corporate Social Responsibility |
| HFMC | Health Facility Management Committee |
| HMB | Hospital Management Board |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| QIT | Quality Improvement Team |
| AMS | Antimicrobial Stewardship |
| RBS | Random Blood Sugar |
| OPD | Outpatient Department |
| MOE | Ministry of Education |
| HIV | Human Immunodeficiency Virus |
| AIDS | Acquired Immune Deficiency Syndrome |
| TB | Tuberculosis |
| IPC | Infection Prevention & Control |
| NHIF | National Hospital Insurance Fund |
| CME | Continuous Medical Education |
| CPSB | County Public Service Board |
| HSF | Health Sector Fund |
| HMT | Hospital Management Team |
| AWP | Annual Work Plan |
| H.E | His Excellency |
| HMIS | Health Management Information System |
| EGH | Elder of the Order of the Golden Heart |
| MCH/FP | Maternal Child Health/ Family Planning |
| CDH | County Director of Health |
| SCMOH | Sub County Medical Officer of Health |
| PWD | People with Disabilities |

2. Key Entity Information and Management

(a) Background information

Naromoru Hospital is a level 4 hospital established under gazette notice number Vol. CXXV – NO. 225 dated 13th October 2023 and is domiciled in Nyeri County under the Health Department.

The hospital is situated in Kieni East Sub-County, Naromoru-Kiamathaga Ward, Nyeri County

The hospital is governed by a Hospital Management Board.

The hospital offers a range of services including: Outpatient services, In Patient Services, Accident and emergency, Maternity services, Surgical services, Imaging services, Specialised clinics, MCH/FP, Laboratory, Dental, Rehabilitative services, Orthopaedic Trauma services and Pharmacy services. Other services include the Funeral home services and ambulance services

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide affordable, equitable and accessible preventive and curative health services

(c) Vision

An efficient and effective health care system that is accessible, equitable and affordable for all.

(d) Mission

To promote and provide quality Health Care in the County by offering affordable, equitable and accessible services.

(e) Goal

To attain the highest possible standard of health care responsive to the people of Naromoru.

(f) Core Values

Naromoru Hospital is guided by the following values: -

- Integrity
- Honesty
- Punctuality
- Teamwork
- Professionalism
- Patient Centered Service

Key Management

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

(i) County department of health

- a) Coordinate the provision of preventive, promotive, curative, rehabilitative and palliative health services
- b) Develop county health policies, strategies, laws and programs and coordinate their Implementation

- c) Liaise with regulatory bodies in the enforcement of norms, standards and best Health practices
- d) Coordinate implementation of national health policies and laws at the county level;
- e) Coordinate public and private sector health programs and systems at the county level.
- f) Ensure compliance with norms and standards for health facilities and health services
- g) Ensure the implementation of rights to health specified in the Bill of Rights, more particularly the progressive realization of the right of all to the highest attainable standard of health including reproductive health care and the right to emergency treatment.
- h) Develop and implement measures to promote equitable access to health services to the entire population, with special emphasis on eliminating the disparity in 1 for the minority, special groups, marginalized and disadvantaged populations.
- i) Manage day-to-day human resources under the Department.
- j) Facilitate capacity building and professional development for health service personnel
- k) Promote public private partnership to ensure efficient and harmonious development in the

common interest to work towards progressive achievement of the right to health.
- l) Oversee the management and governance of county health facilities and facilitating their development;
- m) License and control undertakings that sell food to the public.
- n) Control the management of cemeteries, funeral homes and crematoria
- o) Develop county policies and laws for control of health risk factors and initiating relevant mitigating measures and programs in collaboration with other agencies;
- p) Ensure and coordinate the participation of communities in the governance of health services so as to promote a participatory approach in health care governance.
- q) Promote realization of health rights.
- r) Procure and manage medical supplies and commodities.
- s) Develop and manage the county health referral system including ambulance services.

Ensure that the purpose of the health services Act and the principles of health services provided are realized.
- u) Facilitate registration, licensing and accreditation of health service providers and health facilities respectively according to standards set by the national ministries responsible for health and relevant regulatory bodies.
- v) Coordinate and conduct high quality and ethical research and ensure dissemination of research findings.
- w) Coordinate health activities in order to ensure complementary inputs, avoid duplication and provide for cross-referral, where necessary to and from institutions within the county and between counties;

x) Provide for the development, strengthening and expansion of a county health information management system.

(ii) Hospital Management Board

The Hospital Management Board (HMB) has the following roles and responsibilities

1. Exercise their role collectively and not individually
2. Hospital management board participates actively in planning, coordinating and making decision
3. Determine the organization's mission, vision, purpose and core values
4. Set and oversee the overall strategy and approve significant policies of the organisation.
5. Ensure the strategy is aligned with the purpose of the organisation and the legitimate interest and expectations of its stakeholders.
6. Ensure the strategy of the organisation is aligned with the long term goals of the organisation sustainability so as not to compromise the ability of the future generations to meet their own needs.
7. Approve the organisational structure
8. Approve the annual budget of the organisation
9. Monitor the organisation's performance and ensure sustainability
10. Enhance the corporate image of the organisation
11. Ensure availability of the adequate resources for the achievement of the organisation's objectives
12. Ensure effective communication with stakeholders

(iii) Medical Superintendent

Take's overall responsibility in the day to day running of the Hospital on behalf of the Hospital Management Board.

- a) Providing visionary and transformational leadership,
- b) Overseeing the implementation of the HMB resolutions,
- c) Providing support to the HMB for effective oversight,
- d) Evaluate the hospital's long term healthcare service effectiveness,
- e) Review and recommend appropriate actions for strategic operational plans and policies,
- f) Review performance improvement activities and patient's safety efforts,
- g) Identify, evaluate and implement the scope of services, practice and governance of the hospital,
- h) Prudent management of resources,
- i) Formulating long-term strategies and business plans,
- j) Monitoring and evaluating performance.

2. HOSPITAL MANAGEMENT

The Hospital Management Team comprises in-charges of the various departments within the hospital mainly Clinical Medicine, Nursing, Pharmacy, Radiology, Laboratory, Health Records, Physiotherapy, Occupational Therapy, Theatre, Bio Medical Engineering and others. The team is headed by the Medical Superintendent.

The Hospital's responsibility is to offer the highest quality of health services as envisaged in the Kenyan constitution, 2010 Article 43 (3) and the social-economic blueprint, (Vision 2030).

Hospital Management Team (HMT)

HMT comprises the Medical Superintendent and the heads of the main hospital departments. MT is responsible for the day-to-day operations of the hospital. HMT prepares work plans and reports and presents them to the Hospital board for their adoption and approval.

Medical Superintendent is a chairperson of the HMT and also the Secretary to the Board.

(d) Fiduciary Management

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

| | Designation | Name |
|--|-------------------------|--------------------------|
| | Medical Superintendent | Dr. Pauline Watahi Kamau |
| | Hospital Administrator | Margaret Wangui Kimani |
| | Nursing Service Manager | Caroline Mugure Kariuki |
| | Head of Finance | Elias Wanjohi Ngure |
| | Head of Supply Chain | Samuel Gitonga Wangechi |

(e) Fiduciary Oversight Arrangements

The key oversight arrangement is provided by the various operational committees whose mandate is to supervise a specific area of service delivery.

The membership of the committees is drawn from the Hospital Management Team Members who are Team Leads of their respective departments.

Below are some of the Committees that offer this Fiduciary oversight role;

- Quality Improvement Team,
- Integrity and Ethics Committee,
- Infection/Prevention Committee,
- Complaints and Compliments Committee,
- Human Resource Management Committee.

Key Entity Information and Management (continued)

(a) Naromoru Level 4 Hospital

P.O. Box 11-10105

Naromoru Town

Naromoru, Nyeri, Kenya

(b) Entity Contacts

Telephone: (+254) 795774237

E-mail: naromoruhospital@gmail.com Website: work in progress

(c) Entity Bankers

Kenya Commercial Bank

Naromoru Branch

Nyeri

(d) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(e) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200



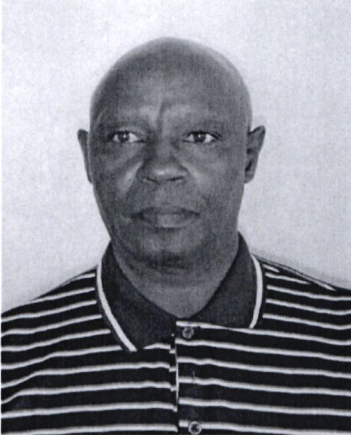
Nairobi, Kenya

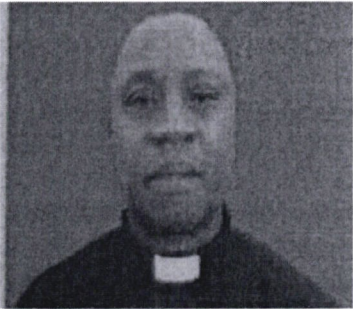


(f) County Attorney



P.O. Box. 1112-10100

Nyeri, Kenya






3. The Board of Management

| Ref | Directors | Details |
|-----|---|---|
| 1. |  <p data-bbox="341 869 667 898">Mr Nelson Muraguri Mbekenya</p> | <p data-bbox="810 539 1270 600">Aged 63 years non-executive independent board member and chairperson to the board</p> <p data-bbox="810 629 1230 689">Key qualifications: Bachelors in Education (Science)</p> <p data-bbox="810 719 1219 779">Work experience: worked for 5 years as a subcounty administrator</p> |
| 2. |  <p data-bbox="341 1335 536 1364">Dr Pauline Kamau</p> | <p data-bbox="810 1028 1289 1088">Aged 43 years executive member and secretary to the board</p> <p data-bbox="810 1117 1270 1207">Key qualifications: Master of Arts in Project Planning (UON) and Management and Bachelor of Pharmacy(UON)</p> <p data-bbox="810 1236 1243 1296">Work experience : worked over 4 years as a medical superintendent</p> |
| 3. |  <p data-bbox="341 1888 655 1917">Mr Bernard Gitonga Kamenya</p> | <p data-bbox="810 1525 1270 1585">Aged 65 years non-executive independent board member</p> <p data-bbox="810 1671 1275 1731">Key qualifications: Higher National Diploma in Diagnostic radiology</p> <p data-bbox="810 1760 1259 1821">Work experience: over 20 years in health care management</p> |

| | | |
|-----------|---|--|
| <p>4.</p> |  <p>Ven George WachaiMwangi</p> | <p>Aged 59 years non-executive independent board member</p> <p>Key qualifications: Diploma in Theology</p> <p>Work experience : over 16 years in church leadership</p> |
| <p>5.</p> |  <p>Mr Robinson NyagaKiritu</p> | <p>Aged 61 years non-executive independent board member</p> <p>Key qualifications: Diploma in Special Needs Education</p> <p>Work experience: over 30 years in special needs education</p> |
| <p>6.</p> |  <p>Ms. Millicent WairimuKiberenge</p> | <p>Aged 33years non-executive independent board member</p> <p>Key qualification: Diploma in Applied Biology</p> <p>Work experience: over 5 years in entrepreneurship</p> |

| | | |
|-----------|--|---|
| <p>7.</p> |  <p>CPA Mishek Muriuki Gatobu</p> | <p>Aged 41 years, non executive independent board member</p> <p>Key qualifications: CPAK accounting and finance</p> <p>Work experience: over 15 years in finance and accounting</p> |
| <p>8.</p> |  <p>Dr Oscar Agoro</p> | <p>Aged 42 years, non executive independent board member representing the County Director of Medical Services and Public Health and</p> <p>Key qualifications: Master of Science in Health Informatics from the University of Leeds(UK), Master of Science in Health Systems Management from Kenya Methodist University (Kenya) and Bachelor of Pharmacy from University of Nairobi</p> <p>Work Experience: Over 15 years in shaping health policies and strategic frameworks at both national and sub-national levels.</p> |

4. Key Management Team

| Ref | Management | Details |
|-----|---|---|
| 1. |  Dr Pauline Kamau | <p>Qualifications:</p> <p>Master of Arts in Project Planning and Management and Bachelor of Pharmacy.</p> <p>Responsibilities:</p> <p>Overall in charge of both Clinical and Administrative functions of the hospital.</p> |
| 2. |  Margaret Kimani | <p>Qualifications:</p> <p>Diploma in human resource management , Advanced certificate in business management and course on project based budgeting at Kenya School of Government</p> <p>Responsibilities:</p> <p>Overseeing the administrative functions in the facility.</p> |
| 3. | Caroline Kariuki  | <p>Qualifications:</p> <p>Masters in counselling psychology, BA in Counselling Psychology, Diploma in Healthcare Management, Diploma in Nursing.</p> <p>Responsibilities:</p> <p>Overseeing Nursing Services in the facility.</p> |
| 4. |  Elias Ngure | <p>Qualifications:</p> <p>Holds a Bachelor of Commerce, Finance Option and CPA(K).</p> <p>Responsibilities:</p> <p>Overseeing finance & accounting services in the hospital.</p> |
| 5. |  Samuel Gitonga | <p>Qualification:</p> <p>Bachelor of Purchasing and Supplies Management</p> <p>Responsibilities:</p> <p>Overseeing procurement of goods & services and ensuring safe storage of commodities in the hospital.</p> |

5. Chairman's Statement

In my capacity as the chairman of the board, it is my pleasure to present the Naromoru Level 4 Hospital's Annual Report and financial statements for the year ended 30th June, 2025.

The year 2024/2025 was marked by a lot of progress in Naromoru hospital in its current level of care that as a board, we are happy to have been part of. Indeed, major highlights took place in the areas of development and refurbishments, expanded service delivery, enhanced human resource for health and prudent financial management.

This is the first report on the financial position of the institution since the gazettelement as a Naromoru Level 4 Hospital Management Board (HMB) dated 18th October 2024 and hence is obliged to submit the statements in accordance with the PFM Act, 2012.

The hospital was upgraded from a health center to hospital status in October 2023 under the oversight of the then Health Facility Management Committee (HFMC) until December 2024 when the Naromoru HMB was inaugurated. The hospital continued with the provision of the existing outpatient services during the year with additional Ophthalmology and mental Health Clinic. The newly constructed three storey building continued to provide the facility staff an opportunity to work in serene and opulent ambience as they delivered the healthcare services. As a level 4 health facility, the institution prides itself in offering among other services quality specialized health care services in an effort to ensure fully operationalization of the hospital.

The Naromoru hospital Management Board was established through a gazette notice no. 14832 dated 18th October 2024 and gazette notice no. 5070 dated 8th April 2025 following the due process and appointment by H.E. Governor Mutahi Kahiga with a palpable sense of anticipation and a renewed hope for robust hospital governance. The mandate of the board was clear; to revitalize and strengthen the foundational governance and the operationalization of the health services fund.

The board endeavored to embrace corporate governance to enable it to deliver its mandate of providing strategic leadership and oversight in service delivery. The board recognizes the valuable support provided by the leadership of the county department of health. The implementation of the Health Service Fund (HSF) in the hospital continues to guarantee better access to financial resources hence ensuring uninterrupted service delivery to Nyeri county residents and beyond. The hospital achieved a revenue of **Kshs 39,561,213.00** in **2024/25** compared to **Kshs. 8,197,464.00** in **2023/2024** which marks a tremendous growth of **382.6%**. The hospital marginally succeeded to meet the requirements in terms of purchase of medical products, provision for operations and maintenance using the generated revenue

The hospital has operated under the guidance of the Operationalization plan, 2022 by the Operationalization Committee which was appointed by the County Executive Committee Member for Health on 31st August 2022. The report gave technical input, advice, and support on how the hospital should be operationalized to full capacity.

In my opinion, the institution has the potential to grow steadily with each year as we continue to implement the Nyeri County Health Service Fund, 2021 which envisions to improve health care service delivery with its expectation being to transform the health sector and enhance the efficacy in service delivery.

I am particularly impressed by the tenacity and resilience of the staff coupled with their commitment to delivering the best possible service to patients. The teams have remained steadfast in the provision of care, beyond the call of duty at all service delivery points to ensure positive clinical outcomes and utmost customer satisfaction.

I must commend the hospital management for through a unified team spirit, they were able to work within the allocated yearly budget and close the year without any major accrued debts. Through the help of the county government, they were able to build trust with various suppliers of essential goods and services. This ensured smoother running of hospital operations.

The hospital Management continues to execute its mandate guided by the existing legal, policy, and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the Hospital. I would therefore wish to acknowledge and applaud the role and dedication of the Management team in upholding good governance, fostering strategic partnerships and being good stewards of the available resources in our institution for the sake of our clients and all the stakeholders

The hospital during the year under review continued to experience major challenges such as limited financial resources given the facility was still in its infancy stages and delayed reimbursements by SHA, key staff shortage, absence of robust health management information system (HMIS) resulting to inability to properly track revenue collection by departments and to generate monthly reports.

The high utilities and maintenance costs such as repair and servicing of equipment, plant and machinery e.g. generators, elevators and firefighting equipment etc. which calls for more financial resources. In response to this, the Board remains focused and offers effective oversight to the management functions to ensure prudent utilisation of resources as well as supporting initiatives that will sustain Naromoru Level 4 Hospital as a leader in the healthcare sector.

In the new financial year 2025/2026, the hospital board aims to help the facility start a journey of using renewable sources of energy which would help cut down their expenditure and see that the money saved is diverted towards urgent medical needs. It is therefore the year in which the board hopes to see the hospital 'go green' in its daily operations and cut down costs through activities such as use of solar energy for lighting, especially the outdoor lighting.

With the successful implementation of the Operationalization plan, the board now looks forward to the development of a 5-year strategic plan. We are confident that the groundwork has been laid for the next phase of Naromoru Hospital's future. This will set the basis for implementation of key projects vital to achievement of the overall vision including the operationalization of the HDU and additional specialized outpatient services.

On behalf of the board, I would like to thank all our stakeholders especially the Ministry of Health, the County Government of Nyeri under the able leadership of H.E Dr. Mutahi Kahiga EGH, the County department of Health, donors, partners and well-wishers in health for the support accorded to the hospital without which, our achievements would not have been realised. I would like to express my gratitude to the members of Naromoru level 4 Hospital Management Board, Naromoru Level 4 Hospital management and staff, who take such pride in their work, and who exemplify our hospital's mission and values each day.

I am confident and look forward to the coming year with great optimism, that we will yet again register exemplary performance as we seek to deliver the highest level of safe, quality and efficient healthcare services to our clients.



.....

Name: Nelson Mbekenya

Chairman to the Board

6. Report of The Medical Superintendent

Naromoru Level 4 Hospital is progressing steadily through its strategic expansion plan. While resource constraints persist, notable gains in service delivery and clinical scope affirm the hospital's evolving role as a critical healthcare provider in the region. Sustained support and responsive governance have proved to be essential to unlock its full potential and meet the growing healthcare needs of the community.

I am pleased to present to you the annual report and financial statements for the year ended June 30, 2025 in terms of Leadership and governance, Service Delivery Performance, financial outlook and strategic direction.

Leadership and governance

The health facility previously operated as a health center i.e. Level 3. Following the infrastructure upgrade, the facility was re-categorized and gazetted to its current level of care i.e. Level 4 in October 2023. At the time, it was headed by the Health Facility Management Committee (HFMC). The oversight role by the HFMC continued until December 2024 when the current Hospital Management Board was vetted and appointed by H.E Dr. Mutahi Kahiga, EGH. The Naromoru Hospital Management Board (HMB) was appointed in December 2024 and is in its first term. The board was established following the vetting and gazette of members on 18th October 2024 and took over from the HFMC. Additional board members were appointed on 8th April 2025. The Naromoru HMB during its tenure was instrumental in offering strategic oversight, i.e. ensure alignment between the hospital's phased operationalization and county health priorities. The board approved and monitored the implementation of expansion plans (e.g. surgical services, bed capacity scale-up). Part of the board's mandate was to lobby for increased staffing to operationalize the full 175-bed capacity.

Service Delivery Performance

The hospital operational level within the year under review was guided by the Naromoru Level 4 Hospital Technical Committee Operationalization plan, 2022. The Operationalization committee had recommended that the hospital be operationalized in phases as follows:

- Phase 1: Outpatient Services and Maternity (Normal Deliveries)
- Phase 2: Outpatient, Theatre and Surgery Services
- Phase 3: Outpatient and In-patient services fully offered as per the hospital's capacity by 30th June 2025

The hospital's first ever annual Performance Contract (PC) 2024/2025 was signed by the Medical Superintendent on behalf of the hospital and the County Director of Medical Services and Public Health, which was later cascaded to the HMT Members for implementation. The PC was implemented through continuous activities by the various departments and standing hospital committees towards achievement of the key indicators highlighted therein.

The hospital management facilitated the implementation of the Annual Work Plan (AWP) 2024/2025 through the various service delivery units. Subsequently within the year in question, the management prepared the AWP 2025/2026 setting targets on key performance indicators.

During the financial year 2024-2025, the hospital was steadfast in provision of quality affordable and accessible health care services. A total of 47,174 patients were treated in the outpatient departments during the year 2024/25. The expansion of Services resulted in introduction of new services such as Mental, Eye services

A total of 1029 patients were treated as inpatients in the year ended 30th June 2025. Maternity Services have consistently represented the majority of the admissions since the establishment of the facility as a health center in 1998. The proposed bed capacity of Naromoru Level 4 Hospital is 175 beds but only 69 beds are operationalized due to staffing gaps. Medical and Paediatric admissions were started in August 2024 during the 2nd phase of the Operationalization Plan. The addition of medical and paediatric services in Phase 2 led to a marked increase in overall patient admissions. The commencement of theatre and surgical services in Phase 3 i.e. 24th June 2025, broadened the scope of clinical interventions available, supporting inpatient care and emergency management.

The hospital boasts of a diverse pool of health care workers who ensure safe, timely, equitable, efficient, effective and patient centered service delivery. The workforce is distributed as follows P&P [53], County Government Contract staff [61], Partner Supported [8], UHC [7]. Additional specialized clinical teams are required to include Consultants & Medical Officers in Paediatric, Surgery & Gynaecology to run the Inpatient & Outpatient Clinics. The Pharmacy, Laboratory & Record departments are required to run for 24 hours thus the requirement for the additional workforce. Theatre operations services are already established hence the need to have additional nurses to adequately run the theatre & Surgical Wards. There is also a need for a Secretary and clerical officers to run the administrative duties.

The Hospital Management looks forward to fully operationalization of all the service delivery points. In respect to recognition and acknowledgement of the role played by different cadres, the hospital management organized a maternity open day on 19th June, 2025 which attracted 78 expectant mothers. The event was proudly sponsored by Jacaranda Health, Naromoru Water and Sewerage Company (NAROWASCO)

The hospital hosted the World Kidney Day celebrations on 13th March 2025, being a crucial platform to create awareness about kidney health through routine screening and preventive healthcare measures to the people of Kieni East Sub County and beyond. The commemoration was in collaboration with other support partners such as County Department of Medical Services and Public Health, Ikigai (Life Purpose) Health Kenya Limited, Kenya Renal Association, Allmed Health Limited and the County Referral Hospital.

Naromoru Level 4 Hospital has continuously embarked on aspects of patient safety which is an integral component of health service delivery. The strategy was done by strengthening the functions of Infection Prevention and Control (IPC), Antimicrobial Stewardship (AMS), Occupational Safety and Health (OSH) and Quality Improvement Teams (QIT). The ultimate goal is to enhance monitoring and evaluation of key performance indicators of critical service delivery data in order to assess the quality of care. The World Hand Hygiene Day 2025 was commemorated on 5th May 2025 which saw the hospital emerge as 2nd runners up during the trivia competition.

The hospital continued to provide training opportunities in diverse topic areas in order to build the capacity of its staff on various clinical and non-clinical aspects both on internal platforms e.g. CPD accredited hospital Continuous Medical Education, external workshops and scientific conferences.

Support supervision for various services including HIV/AIDS, TB, Maternal Child Health and non-communicable diseases were carried out by the various levels of government with the support from implementing partners.

The hospital established a mechanism for receiving and resolving customer feedback through strengthening of the hospital complaints and compliments committee. This is intended to enhance patient –caregiver engagement. The Hospital management participated in a customer satisfaction survey in February 2025.

In development, the hospital is undergoing construction of the Maternity Department under the Vamed Project following bilateral agreement between the Kenya Government and Finland Government. The project is expected to be completed in September 2025. The project is expected to host the maternity services including provision of the maternity theatre services. In addition, the hospital benefitted from the completion of the perimeter fence, walkway and ablution block.

The hospital is committed to improve its operations to enhance its performance and serve its clients better. We are committed to using available resources to improve service delivery.

Financial Outlook

The report depicts a steady increase in the revenue generated both from out of pocket and Insurance claims. The expansion of services has contributed to an increase in revenue collection since the upgrade to hospital status. The hospital has relied heavily on the internally generated revenue to meet the cost of operations and maintenance; the largest component being cost sharing revenue established under the Nyeri County Health Services Fund Act, 2021. With these resources, the hospital was able to achieve 40% allocation for the purchase of health commodities.

The implementation of the Nyeri County Health Fund Act 2021 saw the facility generate **Kshs 39,561,213.00**. The fund was a game changer in improving turnaround time for accessing funds for prompt health care service delivery through prompt procurement and payment for goods and services. The implementation of a cashless payment system for all health care services received in the facility helped reduce financial risk associated with cash payment and prompt banking of revenue.

During the year, the hospital transitioned from the defunct NHIF to SHA in October 2024 with the outpatient attendance being covered under the Primary Health Care (PHC) Package following the empanelment of the facility as a medical provider under SHA. This resulted in slightly increase in revenue accruing from management of SHA clients

Strategic Direction

The management seeks to ensure that the available resources in the hospital are optimized and wastage is minimized.

In addition, the Management team seeks to institute cost cutting strategies in the area of water and electricity conservation. The team has embarked on addressing more sufficient and efficient sources both water & electricity which takes quite a substantial portion of the hospital budget.

The hospital shall embark on the development of a 5-year strategic plan that should serve as a roadmap in the resources management, execution of various key priority projects and monitoring and evaluation.

Acknowledgement

On behalf of the hospital management, I would like to sincerely thank the entire Naromoru Level 4 Hospital staff fraternity for their tireless dedication and commitment towards the delivery of services to the clients that seek services in the hospital. Special gratitude to the members of Hospital Management Board and the County Department of Medical Services and Public Health for your guidance and supervision in the execution of our duties in healthcare delivery

And most importantly, to our clients, who continually and with a lot of faith seek our quality, safe, efficient and timely services.



.....

Name Dr Pauline Kamau

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Naromoru Level 4 hospital has six strategic policy objectives within the Annual Work Plan for the FY 2024-2025. These strategic policy objectives are as follows;

1. Eliminate Communicable Conditions
2. Halt and reverse the rising burden of non-communicable conditions
3. Reduce the burden of violence and injuries
4. Provide Essential Health Services
5. Minimise exposure to health risk factors
6. Strengthen collaboration with health-related sectors

Naromoru Level hospital developed its annual work plans based on the above six policy objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024-2025 period for its six strategic policy objectives, as indicated in the table below

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------------|-----------------------------------|--|---|---------------------|
| Preventive & Promotive Services | Eliminate Communicable Conditions | Proportion of HIV+ pregnant mothers receiving preventive ARVs to reduce risk of mother to child transmission (PMTCT) | Intensify follow up of the HIV + mothers with the Mentor Mother Ensure availability of ART | (13)100% |
| | | Proportion of Pregnant women receiving TT2 plus immunization | Provide Tetanus vaccine to eligible pregnant women. | (189)100% |
| | | Number of newly diagnosed TB case | Screen all patients in OPD for TB | 13 |

| | | | | |
|---------------------------------|---|---|--|-----|
| | | Proportion of HIV + identified | Intensify HTS services in the facility | 12 |
| | | Total confirmed Malaria cases (Per 1000 persons per year) | Screen for Malaria for symptomatic patients | 30 |
| | | % of children under 1 Year of age fully immunised | Immunize all eligible children with available vaccines | 90% |
| | | Number of children receiving 3 doses of Penta 3 (HIB/hib/DPT 3) | Immunize all eligible children with available dose | 685 |
| | | % of children under 5 years treated for Diarrhoea with ORS & Zinc | Adequate stocks of relevant drugs | 36% |
| Preventive & Promotive Services | Halt & Reverse increasing burden in Non-Communicable conditions | Number of new Outpatients with mental health conditions per 100,000 population | Conduct outreaches/In reaches | 110 |
| | | Number of new Outpatients diagnosed with high blood pressure per 100,000 population | Triaging of all outpatient patients for BP | 800 |

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------|-----------|--|--|--------------|
| | | Number of new outpatients diagnosed with Diabetes per 100,000 population | Triaging of symptomatic Pts. for RBS | 121 |
| | | Proportion of adults OPD clients with BMI more than 25 | Health education Nutritional Counselling | 0.28% |
| | | Number of Adolescent girls vaccinated with HPV vaccine | Liaise with MOE to get consent Health education & avail cervical cancer screening commodities | 62 |
| | | Number of women of Reproductive age screened for Cervical Cancer | Health education & avail cervical Cancer screening commodities | 378 |

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------------|--|--|---|--------------------------------------|
| Curative and Rehabilitative Services | Reduce the Burden of Violence & Injuries | <p>% of new outpatient cases attributed to gender-based violence</p> <p>Road traffic injuries in OPD as a % of all diagnoses</p> <p>% of new Outpatient cases attributed to other injuries</p> <p>% of patients with injury related conditions dying in the facility</p> | | <p>0.06%</p> <p>1.1%</p> <p>4.3%</p> |
| | Provide Essential Health care | Proportion of children under 5 years attending child welfare clinics for growth & Monitoring | <p>Community engagement through outreaches/in reaches</p> <p>Strengthen the referral system</p> | 55.5% |
| | | Proportion of Low Birth Weight in Health facilities rate per 1000 births | Provision of newborn services | 90.6% |

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------|-----------|--|--|--------------|
| | | % of surgical cold cases operated | Full operationalization of the surgical Services | 1 Case |
| | | Number of facility Maternal deaths per 100,000 | Strengthen the MPDSR | 164 |
| | | Fresh still birth rate per 1000 births in health facility | Strengthen the MPDSR | 3.3 |
| | | Number of children under 5 dying in health facility | Strengthen referral Systems | 0 |
| | | % of deliveries conducted by skilled attendants in health facility | Community engagements e.g Maternity Open Days | 97.8% |
| | | Proportion of pregnant women getting IFAS supplements at 1st ANC | Availability of IFAS tablets | 100% |

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------|--|---|--|--------------|
| | | Number of women of reproductive age(WRA) receiving FP commodities | Health Education Availability of various FP commodities | 1771 |
| | | Number of pregnant women attending at least 4 ANC visits. | Health education | 533 |
| | Minimize exposure to health risk factors | Proportion of children under 5 years attending child welfare clinics who are stunted. | Nutritional Counselling | 494 (8.1%) |

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring accountability, transparency and fairness to our stakeholders with regards to meeting their expectations. The board adheres to the code of governance prescribed in Mwongozo (The code of Governance for state Corporations, County Government Health Service Fund Act, 2021 and other Government guidelines). Through the Board, the Hospital remains steadfast in complying with requirements of the county Government Act.

Hospital Management Board

The hospital board was established through gazette notice no. 14832 dated 18th October 2024 and gazette notice no. 5070 dated 8th April 2025 following the due process and appointment by H.E. Governor Mutahi Kahiga in accordance with the provision of the Nyeri County Health Services Act 2015.

The board is composed of 8 members of which 7 are non-executive members and one is an executive member, being the medical superintendent. The board is drawn from various representative groups.

The hospital board conducts its business in accordance with the provision of the Nyeri County Health Service Act 2015, Nyeri Health Service Fund Act 2021 and other applicable laws governing the conduct of the board.

The hospital board members were inducted and trained on their roles and responsibilities. The members are paid allowances according to guidelines issued by the salaries and remuneration commission that include seating allowance, transport allowance and lunch allowance.

Members should declare any conflict of interest before conducting any business of the board for any direct or indirect interest in the outcome of the decision of the board.

Composition of the Hospital Board

Pursuant to the Second Schedule of the Nyeri County Service Act 2015, the board comprises of: -

- a) a non-executive chairperson nominated by the executive secretary and appointed by the governor.
- b) the hospital in charge who shall be an ex officio member and the secretary.
- c) the county director or his/her representative.
- d) one person representing faith-based organizations.
- e) one person representing non-governmental organizations providing health services in the county or sub-county.
- f) one person representing people with disabilities.
- g) one person representing health professional bodies in the county or sub-county, who are not public officers.
- h) one person who has knowledge or experience in finance or accounting; and
- i) one person representing health insurance

Role of the Chairman

The Chairman is responsible for the strategic leadership of the Board and is pivotal in creating conditions for the overall effectiveness of the Board, promotes an open environment for debate and ensures all members are able to speak freely and contribute effectively. He ensures that the Board plays a full and constructive part in the development and determination of the Hospital's strategies and Policies.

The Chairman ensures that the board meetings are held as and when necessary and members are supplied with accurate, timely and sufficient information to enable them to discharge their duties effectively

Responsibility of the hospital board in financial management

The functions of the hospital board in accordance with the provisions of the Nyeri Health Service Fund 2021 include:-

- I. Approve programmes and plans for Health Services.
- II. Prepare the annual Budget estimates and plans for recommendations to be adopted by the Fund Board
- III. Formulate Strategies on resource mobilization
- IV. Resolve any conflicts that arise amongst Health services
- V. Supervise health services, prepare reports and forward to the Fund Board
- VI. Identify implementation challenges and seek corrective actions
- VII. Make policy recommendations on Facility Improvement Fund, Public awareness on Health and administration of Fund.
- VIII. Determine the number of standing committees and composition of Ad-Hoc committees.

Hospital board meetings

The hospital board meetings are scheduled on a quarterly basis and are conducted every 1st month of the quarter and not later than the 15th of that month. The board may hold a special board meeting where the situation provides. The hospital board meetings are capped to not more than six (6) meetings in one financial year. The chairperson, in conjunction with the secretary, sets the agenda for each board meeting which is circulated at least seven days prior to the meeting

In the year under review, the Board held a total of three (3) meetings to consider pertinent issues relating to strategy, institutional performance and sustainability of the Hospital.

| | | |
|---------------------|-------------|-----|
| Mr. Nelson Mbekenya | Chairperson | 2/3 |
| Mr. Robinson Kiritu | Member | 1/3 |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

| | | |
|-------------------------|-----------|-----|
| Ven. George Wachai | Member | 1/3 |
| Mr. Gitonga Kamenya | Member | 3/3 |
| Ms. Millicent Kiberenge | Member | 3/3 |
| CPA. Mishek Muriuki | Member | 1/3 |
| Dr. Pauline Kamau | Secretary | 3/3 |
| Dr. Oscar Agoro | Member | 1/3 |

Note: Four Board members attended the Board meetings once since they had not received their appointment letters.

Board committees

The board is expected to constitute three (3) sub committees in the year 2025/26 with clearly defined terms of reference relating to key areas of operations. This is to ensure that the board operates optimally. Members to the subcommittee are appointed taking into consideration their current and past experiences and skills in their respective fields. The sub Committees include;

1. Executive Committee
2. Finance and general purpose Committee
3. Quality of Healthcare Committee
4. Special and ad hoc committee: The committee shall be constituted when need arises as directed by the main Board.

Induction, training and Development

Five Board Members underwent a three-day induction and inauguration meeting that was held on 12th to 14th May 2025. The meeting was to sensitize members as well as to familiarize themselves with the operations and functions of the Hospital management boards and attain a solid understanding of their responsibilities.

Board Members Performance

The board members conducted the HFMC handing over meeting on 10th January 2025. They attended the induction and inauguration meeting which was held on 12th to 14th May 2025.

Notably there are the 3 Board meetings conducted in the financial year 2024/2025 where they approved the following budgets;

1. 3rd Quarter budget totaling to **Kshs. 7,824,040.95**
2. 4th Quarter budget totaling to **Kshs. 6,509,238.74**
3. Special budget totaling to **Kshs. 3,966,476.00**

The Hospital Board performance has greatly improved in their oversight and Governance role in the Hospital. When they approved the budget, it improved the financial accountability and resource mobilization. The first quarter 2024/2025 budget amounting to 288,940.20 and the second quarter 2024/25 budget amounting to 535,010.75 was oversighted by the HFMC.

Key Board Resolutions

In the course of the financial year, the Board made key decisions relating to the following:

- 1.Ensuring financial sustainability by approving the Hospital's financing requirements, budget and procurement plan for the next financial year.
- 2.Providing an oversight role to the hospital management activities.
- 3.Advocacy on resource mobilization-to establish the Naromoru KMTC.

Governance Audit

The Board is mandated to ensure that the hospital maintains proper, reasonable and accurate accounting records showing and explaining the transactions and financial position of the hospital in compliance with the Public Finance Management Act No. 18 of 2012 and the prescribed accounting standards.

Conflict of interest

During the year under review, board members were bound by the principles of conflict of interest as highlighted below:

- 1) If a member is directly or indirectly interested in an outcome of any decision of the Board or Committee or other matter before the Board or Committee and is present at a meeting of the Board or Committee at which the matter is the subject of consideration, that member shall, at the meeting and as soon as practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter: Provided that, if the majority of the members present are of the opinion that the experience or expertise of such member is vital to the deliberations of the meeting, the Board or Committee may permit the member to participate in the deliberations subject to such restrictions as it may impose but such member shall not have the right to vote on the matter in question.
- 2) A member of the Board or Committee shall be considered to have a conflict of interest for the purposes of this Act if he acquires any pecuniary or other interest that could conflict with the proper performance of his duties as a member or employee of the Board or Committee.

- 3) Where the Board or Committee becomes aware that a member has a conflict of interest in relation to any matter before the Board or Committee, the Board or Committee shall direct the member to refrain from taking part, or taking any further part, in the consideration or determination of the matter.
- 4) If the chairperson has a conflict of interest he shall, in addition to complying with the other provisions of this section, disclose the conflict that exists to the chief officer in writing.
- 5) Upon the Board or Committee becoming aware of any conflict of interest, it shall make a determination as to whether in future the conflict is likely to interfere significantly with the proper and effective performance of the functions and duties of the member of the Board or Committee and the member with the conflict of interest shall not vote on this determination.

Board remuneration

For every Board meeting attended, members are entitled to a sitting allowance, lunch allowance (where lunch is not provided) and transport allowance as determined by the Permanent Public Service Remuneration Management Board. Details of member's emoluments during the year are shown on note 17 in the notes of the financial statements.

Code of conduct & ethics

The board complied with the code of conduct governing public officers during the year under review. Naromoru Level 4 Hospital is committed to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders. A formal code of ethics has been approved by the Board and is fully implemented to guide the Board, management, employees and stakeholders on acceptable behavior in conducting business. All Board members and employees of the Hospital are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital.

9. Management Discussion and Analysis

Clinical/operational performance of key performance indicators in service delivery

Bed Capacity

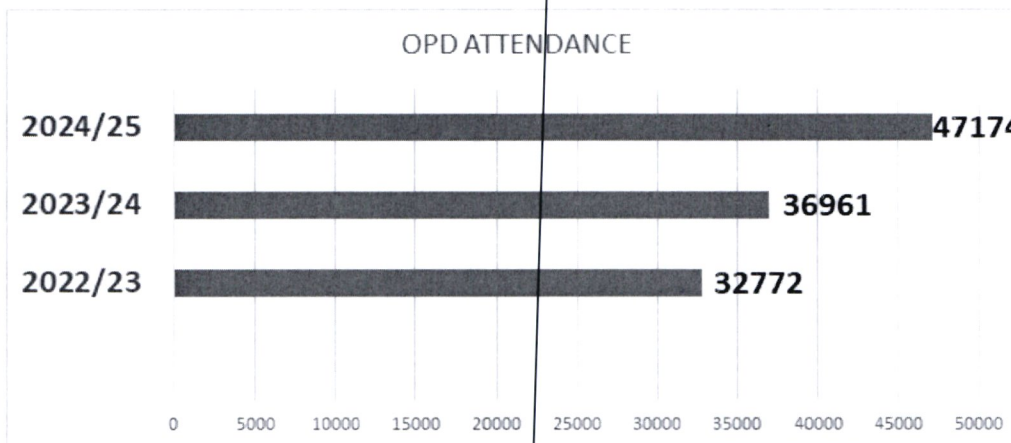
The table below illustrates the bed capacity of the hospital for the last three year

| F/Y | 2022/23 | 2023/24 | 2024/25 |
|---------------------|---------|---------|---------|
| BED CAPACITY | 8 | 69 | 69 |

The bed capacity has increased from previously 8 to 69 due to opening of inpatient medical ward in the last two years

Out Patient Attendance

During the financial year 2024-2025, a total of 47,174 patients were treated in the outpatient departments. This was 84% outpatient service utilization in a hospital whose catchment population was 56,276 persons during the year. The hospital which is situated along the busy Nyeri- Nanyuki Road and borders Laikipia County, serves the residents of both Nyeri and Laikipia counties.

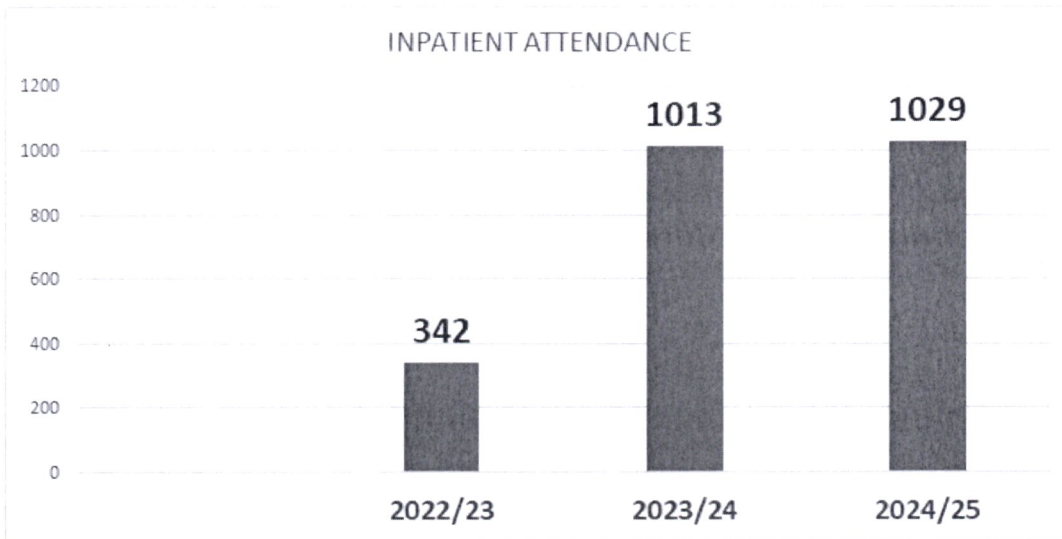


The Outpatient Department attendance was reported to have an upward trend between the year 2023/24 and 2024/25 indicating an increased utilization of services.

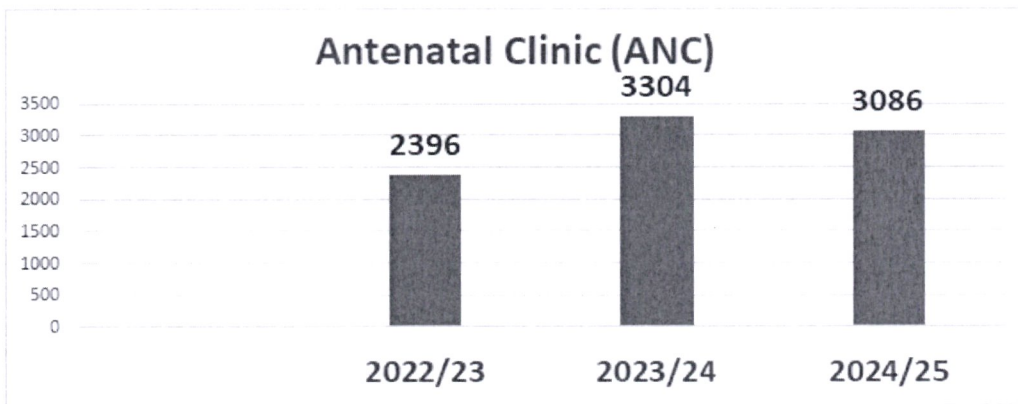
In Patient admissions

The number of admissions was reported to have slightly increased from FY 2023/24 to 2023/25 since the operationalization of medical inpatient wards i.e Male, Female and Paediatric admissions in August 2024.

The hospital also operationalised the theatre services with the first surgical case being conducted on 24th June 2025



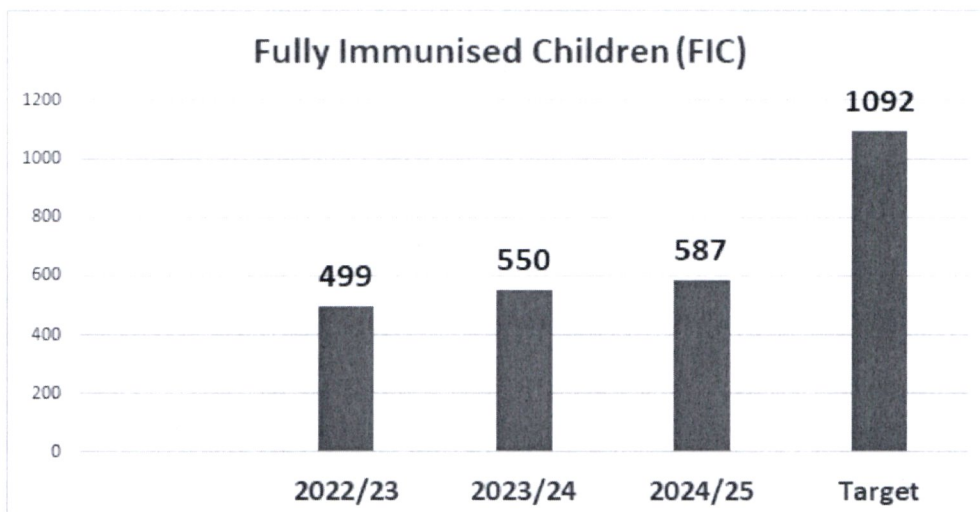
Antenatal Services



The graph shows the performance of ANC attendance over the last three years.

Fully Immunized Children

A fully immunized child, according to the World Health Organization (WHO), is one who has received all the recommended basic vaccinations, typically including BCG, polio, pentavalent, and measles vaccines, within the first year of life, adhering to the national immunization schedule.



The number of Fully Immunised Children in 2024/25 has not met the target (1092) because most of the children do not complete the immunization schedule at our facility.

Laboratory Services

The utilization of laboratory services was reported to steadily increase over the three years under review due to the installation of new equipment in the laboratory i.e Biochemistry equipment and enhanced workforce.

| F/Y | 2022/23 | 2023/24 | 2024/25 |
|------------------------------------|---------|---------|---------|
| Routine & Special Laboratory Tests | 18,578 | 20,620 | 31,646 |

Radiology Services

The radiology services available at the facility are the various X Rays and Ultra Sound Imaging services. Notably the services were available from the year 2023/24 when the first radiographer was posted to the facility. In FY 2024/25 there is a decline in service utilization since the radiographer went on maternity leave.

| F/Y | 2022/23 | 2023/24 | 2024/25 |
|-------------------------------|---------|---------|---------|
| Plain X Rays | 0 | 1167 | 975 |
| U/Sounds-General & Obstetrics | 0 | 1089 | 689 |

Dental Services

The facility witnessed an increased utilization of dental services as indicated in the recorded dental procedures conducted. This is because there was additional staff in the department i.e additional dentist and dental technologist.

| F/Y | 2022/23 | 2023/24 | 2024/25 |
|------------------------|---------|---------|---------|
| Dental Procedures Done | 875 | 911 | 2153 |

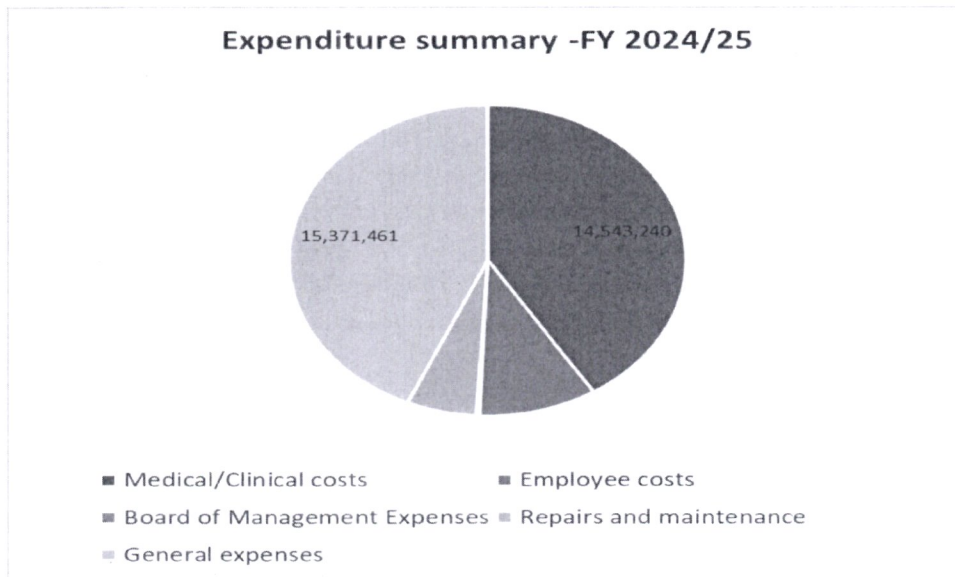
Financial performance that includes: -

Revenue sources,

The hospital revenue comprises fees charged for services rendered, transfer grant and in kind donation from the county government of Nyeri.

In order to meet the cost of operation and maintenance, the hospital relies on internally generated revenue and county in kind contribution. During the year under review, the hospital generated Kshs**39,561,213.00** against a revenue target of **Kshs 53,692,986.00**. This year revenue collection was a **382.6%** increase above the previous year’s generated income of **Kshs 8,197,464.00**. The county’s in-kind contribution amounted to **Kshs9,367,846.00**

Utilization of generated funds



During the year under review, more than half of the available funds as indicated in the chart above were utilised as medical/clinical costs involving purchase of Health Products and Technologies (HPTs) and other related items.

The hospital is faced with various challenges in its service delivery

- Funding Gap

The county transfer of KSH **9,367,846.00** and the revenue generated internally is not adequate in meeting the operational activities. The year under review being the second year since the upgrade of the hospital to Level 4 status, the facility experienced stock outs since the generated revenue was not adequate.

- Automation challenges

The facility relies on a paper based system of medical records which resulted in significantly high printing and publishing costs. It also poses limitations in data retrieval, record accuracy, and overall service delivery.

While we do have a rudimentary Point of Sale system at the cash office to facilitate payments for services rendered, the system is limited to generating receipts and lacks functionality to produce financial reports or track departmental revenue contributions.

- Bad debts

The facility also serves clients who are underprivileged in the society who are not able to meet the costs of their treatment. Under the county government of Nyeri waiver guidelines such patients are waived off their bills.

- Outstanding NHIF/SHA claim reimbursement

At the close of the financial year 2024/25, the facility ended the year with revenue arrears amounting to **Kshs 8,517,427.00**. This includes Kshs **2, 677,038.00** by the defunct NHIF and Kshs **5,840,389.00** is from the inpatient claims under SHA.

This outstanding claim reimbursement affected service delivery within the year due to limited financial resources available to meet the growing demand for services.



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Dr. Pauline W. Kamau

Secretary to the Board

10. Environmental And Sustainability Reporting

Naromoru Level 4 Hospital exists to offer Quality, Affordable & Accessible health care services to the general population. The services offered are customized to suit the individual needs of the patient across the Continuum of care. In order to achieve this, the hospital is guided by policies and activities that promote Sustainability

i) Sustainability strategy and profile

The hospital endeavors to provide impactful services with a consideration to sustainability of the services offered. The hospital was opened in a phased out approach putting mechanisms in place that ensure that the right things are done.

The facility has conducted a customer satisfaction survey to get to understand the strengths and weaknesses of the facility through client feedback. Efforts are being geared towards optimizing service delivery by enhancing diagnostic and radiology services.

Climate change has impacted on service delivery with re-emergence of chronic conditions and emergence of new diseases calling for retraining of the staff. There is a provision for reallocation of funds to mitigate emerging issues like disasters. The hospital has a borehole and the water undergoes chemical analysis to check on safety. The water in the Inpatient department is solar powered to reduce electricity usage.

ii) Environmental performance

The hospital has adopted environmentally friendly cooking methods that use LPG gas. Tree planting in the hospital compound is an ongoing activity done during annual hospital

celebrations to commemorate such events. The hospital has adopted green energy and is seeking ways to fully utilize it in its inpatient departments for patient solar heating and lighting systems

The hospital through the Infection Prevention committee ensures clinical practices are in line with the WHO guidelines. Waste Segregation is done from where it is generated from and separated in colour coded bins and bin liners. The hospital has acquired a new shredder for waste disposal. The hospital has a Public Health Officer who checks on sanitation issues and ensures that cleaning of the facility is done in accordance with the laid standards.

During the year 2024/2025, the World Antimicrobial Awareness Week (WAAW) was held on 20th November 2024 where 100 trees were planted and conducted a CME for the staff.

iii) *Employee welfare*

The hospital is an entity under the county government of Nyeri- Health department and hence the recruitment and personnel management functions are handled by the county public service board. The hospital, however, strives to offer and provide a platform for capacity building of staff through continuous education, sponsorship to conferences and seminars.

The hospital management is also continuing to support managers to undergo senior management course and strategic leadership course training.

There is an active staff welfare forum where the staff come together to deal with issues touching on staff as they emerge. There is a robust CME programme that runs every Wednesday and incorporates staff from all the departments.

Performance Appraisal system is done annually with a Mid-Year review done, the forms are then forwarded to the county for onward transmission to the CPSB for rewards & Sanctions. There is an active Human Resource Management Committee that approves the training of staff going for further education, and approves sponsorship for attendance of Scientific Conferences.

iv) Marketplace practices

As a government entity, the hospital is guided by accessible and affordable principles in setting our user fees and charges. A minimal margin (10%) is added to consumable items such as medicines and non-pharmaceuticals. This seeks to guarantee that the hospital is able to reinvest in these commodities to mitigate incidences of stock out.

The hospital also has a functional Ethics and integrity committee which ensures ethical practices among staff and our various stakeholders. Members of staff are also guided by a code of ethics, which they adhere to. Members of staff are prohibited from actively engaging in Politics.

a) Responsible competition practice

The hospital through the county procurement directorate fairly and competitively advertises for all services and works which are on offer and this gives a fair chance for all traders to trade with us.

The hospital charges are set through the county annual finance bill that undergoes a process of public participation aimed at according to our clients an opportunity to understand and participate in setting prices for the services they consume. The hospital being the only level IV government health facility in the sub county sets the prices below the market price and only seeks a sales margin on direct consumables. This is geared towards guaranteeing access to services by all citizens.

b) Responsible supply chain and supplier relations

The hospital suppliers are listed by the county government through a bi annual tender. To promote competition and fairness, the hospital strives to ensure that pre-qualified suppliers are given opportunities to participate in the tendering process. The hospital adheres to terms of contracts entered into with contractors. It is committed to making payment for services rendered and goods received. It is the hospital general practice to pay suppliers within the reasonable credit period applicable to the market upon delivery and invoicing. The payment is done based on ageing analysis and the old bills are cleared first.

c) Responsible marketing and advertisement

The hospital adheres to the Medical Practitioners and Dentist (practitioners and health facilities) advertisement rules 2016.

The hospital embraces transparency in presentation of any information on goods and services. It has respect for consumer privacy and cultivates a culture of integrity in its operations.

d) Product stewardship

In the provision of health services, the hospital applies quality standards and guidelines are issued from time to time. The hospital has a standing committee that checks the quality of health services offered to our clients through periodic audits that are shared with the management. The hospital is also keen on supplies utilized and to ensure quality supplies, the main suppliers are KEMSA and MEDs who have an elaborate quality control check that can be relied upon.

v) Corporate social responsibility and community engagement

The hospital periodically engages the community in an effort to get feedback on their perception on services offered to them. The community is also engaged during health day celebrations such as the nurses' week and the WAAW week. The hospital participates in corporate social responsibility activities such as conducting several inreaches and outreaches within the year. The following were the activities held within the year.

Ø Warazo jet- jet Dispensary (inreach) - The activity was held at the facility on 10th June 2025, where the total patients seen was 234 where screening for Hypertension, Diabetes, Mental health awareness and sensitization and importance of SHA registration.

Ø Mbiriri (inreach) - The activity was held at the Mbiriri dispensary on 17th June 2025. 196 patients were screened for Tuberculosis, Hypertension, Diabetic and breast cancer screening. The community was sensitized on the importance of SHA registration.

Ø Ragati [Inreach] - The activity was held at Ragati Dispensary on 24th June 2025. A Total of 106 patients were seen there was screening for Hypertension, Diabetic, Mental health awareness and sensitization of the importance for SHA registration.

Ø Chaka market (outreach) - The activity was held at the chaka market on 30th June 2025, where 136 patients were seen and screened for Hypertension and Diabetes. Patients were sensitized on the importance of SHA registration

The maternity open day was held on 19th June 2025. 75 mothers attended and received gift packs from a wellwisher. Snacks were provided by Jacaranda Health and bottled water by NAROWASCO.

Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the Naromoru Level 4 Hospital's affairs.

Principal activities

The principal activity of the hospital is to provide affordable, equitable and accessible preventive and curative health services

Results

The results of the entity for the year ended June 30th, 2025, are set out on **page 1. To 55....**

Board of Management

The members of the Board who served during the year are shown on **pages xxix- xxx**. During the year, 8 directors were appointed with effect from 18th October 2024 and 8th April 2025.

Auditors

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

By Order of the Board



.....

Name Dr Pauline W kamau

Secretary to the Board

11. Statement of Board of Management's Responsibilities

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

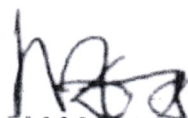
The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and any other applicable legislation. The Board members are of the opinion 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 members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of management to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 27/08/25 and signed on its behalf by:



Name: Nelson Mbekenya

Chairperson

Board of Management



Name: Dr Pauline Kamau

Accounting Officer

REPUBLIC OF KENYA



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Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON NAROMORU LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NYERI

PREAMBLE

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

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

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 Naromoru Level 4 Hospital set out on pages 1 to 56, 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 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 Naromoru Level 4 Hospital as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, Public Finance Management Act, 2012, the County Governments Act, 2012, the Health Act, 2017 and the Nyeri County Health Service Act, 2015.

Basis for Qualified Opinion

1. Inaccuracies of the Presentation of Balances and Disclosures in the Financial Statements

Review of the presentation of balances and disclosures in the financial statements revealed the following anomalies;

- i. The statement of financial performance reflects rendering of service-medical service income of Kshs.48,078,640 as disclosed in Note 11 to the financial statement. Further review of Note 11 to the financial statement reflect total revenue from rendering of service of Kshs.48,078,640 as earned from pharmaceuticals services however, the amount includes revenue earned from other services offered by the Hospital which have not been disclosed in the note to financial statement. This is contrary to the financial reporting template requirements prescribed by Public Sector Accounting Standards Board.
- ii. The statement of financial position and statement of changes in net assets reflects opening balance of Kshs.11,649,497 in respect of capital fund. However, the balance was not supported with schedules and documents. The statement also reflects closing balance of Kshs.23,893,462 implying an increase of capital fund by Kshs.12,343,965 from the previous year. Similarly, the balance was not supported

with schedules and documents. In addition, the balance differs with amount of Kshs.16,829,887 for additions for property, plant and equipment paid by the County Government by unexplained variance of Kshs.4,485,922.

- iii. The statement of financial performance, statement of financial position, statement of cashflows and notes to the financial statements reflects unaudited balances under the comparative column for the financial year ended 30 June 2024. The analysis and documentary evidence supporting the balances were not submitted for audit. Consequently, the opening balances of the financial statement could not be confirmed.

In the circumstances, the accuracy and completeness of financial statement balances and disclosures could not be confirmed.

2. Inaccuracies on Statement of Comparison of Budget and Actual Amounts

Review of balances and disclosures of the statement of comparison of budget and actual amounts revealed the following anomalies;

- i. The statement reflects total final revenue budget of Kshs.33,671,395 in respect of rendering of service against the approved Hospital revenue budget of Kshs.17,001,390 resulting to unapproved revenue budget of Kshs.22,559,823. Further, final revenue budget reflects include unexplained budget adjustment of Kshs.16,670,004.
- ii. The statement also excludes budget adjustment of undisclosed amounts of receipts and payments in respect of salaries and allowances made by the County Government of Nyeri on behalf of the Hospital and in-kind contributions from the County Government of Kshs.9,367,846 disclosed in the statement of financial performance.
The statement reflects actual amount of revenue collection of Kshs.33,671,395 in respect of rendering of service against the actual collection of Kshs.39,561,213 resulting to understatement of revenue collection by explained variance Kshs.5,889,818.
- iii. The statement reflects total final expenditure budget of Kshs.25,676,926 which differs with total approved expenditure budget Kshs.43,039,241 which include approved AIE budget of Kshs.33,671,395 and in-kind contributions from the County Government of Kshs.9,367,846 resulting to unexplained variance of final expenditure budget of Kshs.17,362,315.

In the circumstances, the accuracy, completeness of the balances reflected in the statement of comparison of budget and actual amount for the year under review could not be confirmed.

3. Inaccuracies on Statement of Cashflow

Review of balances and disclosures of the statement of cash flow amounts revealed the following anomalies;

- i. The statement of cashflow under cashflow from operating activities reflects cash inflow in respect of rendering of services of Kshs.31,081,191 which differs with the actual disbursements of Kshs.33,671,395 resulting to undisclosed amount of Kshs.2,590,204.
- ii. The statement of cashflow under cashflow from operating activities reflects Kshs.31,081,191 which differs with disbursement of Kshs.31,505,944 to the Hospital during the year under review as per the books of account of the County Government resulting to unexplained variance of Kshs.424,753.

In the circumstances, the accuracy, completeness of the balances reflected in the statement of cash flow for the year under review could not be confirmed.

4. Undisclosed In-Kind Contributions from the County Government

The statement of financial performance reflects in-kind contributions from the County Government of Kshs.9,367,846 as disclosed in Note 7 to the financial statements. The reported amount includes Kshs.2,285,328 in respect of salaries and wages paid to casual employees by the County Government. However, the amount excludes the undisclosed amount of payment of salaries and allowances made to by the County Government on behalf of the Hospital for the one hundred and thirty-one (131) employees on permanent/pensionable basis and contract basis deployed to the Hospital facility.

In the circumstances, the accuracy and completeness of In-kind contributions from the County Government amount of Kshs.9,367,846 could not be confirmed.

5. Undisclosed Employee Costs

The statement of financial performance reflects employee costs of Kshs.3,844,766 as disclosed in Note 16 to the financial statements. The reported amount includes Kshs.2,285,328 in respect of salaries and wages paid to casual employees by the County Government. However, the reported amount excludes the undisclosed amount of payment of salaries and allowances made to by the County Government on behalf of Hospital, relating to one hundred and thirty-one (131) employees on permanent/pensionable basis and contract basis deployed at the Hospital facility.

In the circumstances, the accuracy and completeness of employee costs amount of Kshs.3,844,766 could not be confirmed.

6. Exemptions and Waivers

The statement of financial performance reflects medical services contract losses expenses of Kshs.1,334,831 as disclosed in Note 25 to the financial statements. The expenses include Kshs.113,627 and Kshs.1,221,204 for waivers and exemptions respectively. However, analysis and waiver records provided for audit reflects an amount of Kshs.510,873 resulting to understatement of reported waiver amount by unexplained variance of Kshs.397,246. In addition, there was no analysis and documentary evidence provided for audit showing details of patients exempted, reason for exemption and authority for exemption amount of Kshs.1,221,204.

In the circumstances, the accuracy, completeness and validity of medical services contract losses expenses of Kshs.1,334,831 could not be confirmed.

7. Long outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Ksh.8,517,427 as disclosed in Note 29 to the financial statements. However, the balance includes long outstanding unpaid claims from defunct National Hospital Insurance Fund of Kshs.2,677,038. Management did not provide evidence to show the measures taken to ensure the outstanding amount are recovered on time. In addition, the Hospital does not have a debtors' policy to guide on the control and recovery of debts.

In the circumstances, the recoverability and validity of receivables from the exchange transactions balance of Kshs.8,517,427 could not be confirmed.

8. Property, Plant and Equipment

8.1 Lack of Valuation and Ownership documents

During the physical verification of assets carried out in the month of September, 2025 and according to Management, the Hospital is sits on approximate four (4) acres parcel of land. However, the Hospital did not have ownership documents to confirm its' ownership of the land. In addition, the Hospital possess a motor vehicle of Toyota Hiace model but the Hospital does not have the ownership documents for the vehicle.

8.2 Non-disclosure of Assets

The statement of financial position reflects a balance of Kshs.16,839,887 in respect of property, plant and equipment as disclosed in Note 32 to the financial statements.

The balance relates to cost additions of assets during the year comprising of Kshs.13,142,796 for building and civil works, Kshs.419,250 for ICT equipment and Kshs.3,267,840 for plant and medical equipment paid by the County Government on behalf of the Hospital. However, according to the asset register, the Hospital controls and has other assets being used by the Hospital including land, buildings, motor vehicles, furniture, computers, office furniture and fittings and medical equipment of an

undetermined value that had not been included and disclosed as part of the property, plant and equipment in the financial statement. In addition, Management did not provide for review, the Hospital's depreciation policy for its assets and did not disclose any depreciation costs for the year under review.

In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant and equipment balance of Kshs.16,839,887 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for 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 Information

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

In connection with my audit on the Naromoru Level 4 Hospital 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the 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 reflects a balance of Kshs.2,312,535 in respect of trade and other payables as disclosed in Note 36 to the financial statement. The balance includes Kshs.2,204,361 which has been outstanding for more one year. Management failed to make any payments as and when due as there was evidence of payment during the current year under review. This is contrary to section 94(1a) of the Public Finance Management Act, 2012.

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

2. Non-remittance of Capacity Building Levy

During the year under review the Hospital had approved a procurement plan budget of Kshs. 17,001,390. However, there was no evidence that the Hospital remitted capacity building levy for the executed procurements signed between the Hospital and supplier. This is contrary to paragraph 3 (1) of the Public Procurement Capacity Building Levy order, 2023.

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

3. Non-Compliance with Standards for Upgrade to Level 4 Hospital and Universal Health Care (UHC)

Review of hospital records and observation of the physical infrastructure and facilities revealed the following deficiencies in staff, services and equipment's: -

- i. The Hospital had sixty-nine (69) bed capacity against the required standard of one hundred and one (150) for a level 4 hospital, resulting in a shortfall of eight-one (81) bed capacity.
- ii. The Hospital did not have adequate facilities and staff in the following departments; Ear Nose & Throat (ENT), Hospital information Management systems and General administration.

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

Further, this contravened the Kenya Quality Model for Health Policy Guidelines and therefore hindered the realization of the Government program on Universal Health Coverage (UHC).

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects 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. Asset Management

1.1 Lack of updated Fixed Assets Register

The Hospital did not maintain an up-to-date fixed assets register. The fixed assets register provided for audit review revealed that critical information such as acquisition cost, tag number, date of acquisition, condition of assets, serial numbers, depreciation charged and net book values as at the end of period were missing while some of the assets were not recorded in the assets register as required by regulation 136 of Public Finance Management (County Governments) Regulations, 2015.

1.2 Untagged Assets

The fixed assets register provided for audit revealed that the Hospital had several assets that were not tagged. Therefore, the preventative mechanisms were not in place to

eliminate theft, security threats, losses, wastage and misuse. In addition, the movement and conditions of assets could not be easily tracked and in case of theft, loss and mismanagement the assets may not be easily identified and located as required by regulation 132 of Public Finance Management (County Governments) Regulations, 2015.

1.3 Failure to Dispose of Unserviceable Assets and Expired Drugs

Audit of fixed assets register revealed that several assets were obsolete, non-functional and unserviceable. Also, a review of management reports and audit inspection conducted in the Hospital stores revealed that the Hospital had shipment containers with boxes of expired drugs which had not been destroyed. It is not clear why Management did not use the drugs before expiry.

Further, there was no evidence of annual disposal plan for unserviceable assets and expired drugs for the year under review as required by regulation 176(4) of the Public Procurement and Assets Disposal Regulations, 2020.

In addition, although the Hospital Management vide letter ref: NRMH/CIR/C4/VOL.1/009 dated 17 June, 2025 requested the approval from County Government for disposal, at the time of audit September, no evidence of approval had been granted and the assets had not been disposed.

In the circumstances, the effectiveness of internal controls of asset management could be confirmed.

2. Lack of Policy Documents

2.1 Lack of Disaster recovery and Business Continuity Plan

Examination of documents provided revealed that the Hospital does not have a Disaster recovery and Business Continuity plan in place. Without this document service provision at the Hospital will be interrupted greatly in case of a disaster. No explanation was provided as to why this document has not been prepared and approved. Consequently, service provision may be interrupted in case of occurrence of unforeseen disasters.

2.2 Lack of Information Technology Policy

During the year under review the Hospital had not prepared, adopted information Technology procedures and policies. As a result, the Hospital risked possible loss of critical resources. In addition, it was observed that the ICT department has only one (1) staff member on contract leading to understaffing.

In the circumstances, the effectiveness of risk management policies and controls 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 those Charged with Governance

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.

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

Auditor-General's Responsibilities for the Audit

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

31 October, 2025

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

1. Statement of Financial Performance for The Year Ended 30 June 2025

| Description | Note | 2025/2024 | 2024/2023 |
|---|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | - | 4,349,651 |
| In- kind contributions from the County Government | 7 | 9,367,846 | 11,319,635 |
| Grants from donors and development partners | 8 | | |
| Transfers from other Government entities | 9 | | |
| Public contributions and donations | 10 | | |
| | | 9,367,846 | 15,669,286 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 48,078,640 | 9,687,496 |
| Revenue from rent of facilities | 12 | | |
| Finance /Interest Income | 13 | | |
| Miscellaneous Income | 14 | | |
| Revenue from exchange transactions | | 48,078,640 | 9,687,496 |
| Total revenue | | 57,446,486 | 25,356,782 |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 15 | 15,879,993 | 12,002,211 |
| Employee costs | 16 | 3,844,766 | 1,438,974 |
| Board of Management Expenses | 17 | 90,000 | 29,000 |
| Depreciation and amortization expense | 18 | | |
| Repairs and maintenance | 19 | 1,850,952 | 1,132,350 |
| Grants and subsidies | 20 | 8,861,711 | |
| General expenses | 21 | 14,886,664 | 9,287,028 |
| Finance costs | 22 | | |
| Total expenses | | 45,414,086 | 23,889,563 |
| Other gains/(losses) | | | |
| Gain/Loss on disposal of non-Current assets | 23 | | |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

| Description | Note | 2025/2024 | 2024/2023 |
|--|------|-------------------|----------------|
| | | Kshs | Kshs |
| Unrealized gain on fair value of investments | 24 | | |
| Medical services contracts Gains/Losses | 25 | 1,334,831 | 686,709 |
| Impairment loss | 26 | | |
| Gain on foreign exchange transactions | | | |
| Total other gains/(losses) | | 1,334,831 | 686,709 |
| Net Surplus / (Deficit) for the year | | 10,697,569 | 780,510 |

(The notes set out on pages 1 to 55 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 27/08/25 and signed on its behalf by:



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Chairman
Board of Management



.....

Head of Finance
ICPAK No:24395



.....

Medical Superintendent

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

2. Statement of Financial Position As At 30th June 2025

| Description | Note | 2025/2024 | 2024/2023 |
|---|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 27 | 8,003,481 | 2,309,216 |
| Prepayments | 28 | 242,597 | 0 |
| Receivables from exchange transactions | 29 | 8,517,427 | 2,677,038 |
| Receivables from non-exchange transactions | 30 | 0 | 0 |
| Inventories | 31 | 4,090,684 | 7,949,216 |
| Total Current Assets | | 20,854,189 | 12,935,470 |
| | | | |
| Non-current assets | | | |
| Property, plant, and equipment | 32 | 16,829,887 | - |
| Intangible assets | 33 | - | - |
| Investment property | 34 | - | - |
| Biological Assets | 35 | - | - |
| Total Non-current Assets | | 16,829,887 | - |
| | | | |
| Total assets (A) | | 37,684,076 | 12,935,470 |
| | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 36 | 2,312,535 | 505,463 |
| Refundable deposits from Patients/Prepayments | 37 | - | - |
| Provisions | 38 | - | - |
| Finance lease obligation | 39 | - | - |
| Current portion of deferred income | 40 | - | - |
| Current portion of borrowings | 41 | - | - |
| Total Current Liabilities | | 2,312,535 | 505,463 |
| | | | |
| Non-current liabilities | | | |
| Provisions | 38 | - | - |
| Non-Current Finance lease obligation | 39 | - | - |
| Non-Current portion of deferred income | 40 | - | - |
| Non - Current portion of borrowings | 41 | - | - |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

| Description | Note | 2025/2024 | 2024/2023 |
|--------------------------------------|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Service concession Arrangements | 42 | - | - |
| Total non-current liabilities | | - | - |
| | | | |
| Total Liabilities (B) | | 2,312,535 | 505,463 |
| | | | |
| Net assets (A-B) | | 35,371,541 | 12,430,007 |
| | | | |
| Represented by: | | | |
| Revaluation reserve | | - | - |
| Accumulated surplus/Deficit | | 11,478,079 | 780,510 |
| Capital Fund | | 23,893,462 | 11,649,497 |
| | | 35,371,541 | 12,430,007 |
| Net Assets | | 35,371,541 | 12,430,007 |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

3. Statement of Changes in Net Assets for The Year Ended 30 June 2025

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|--|----------------------------|------------------------------------|---------------------|-------------------|
| As at July 1, 2023 (previous year) | - | - | - | - |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 780,510 | - | 780,510 |
| Capital/Development grants | - | - | 11,649,497 | 11,649,497 |
| As at June 30, 2024 (previous year) | - | 780,510 | 11,649,497 | 12,430,007 |
| | | | | |
| At July 1, 2024 (current year) | - | 780,510 | 11,649,497 | 12,430,007 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 10,697,569 | - | 10,697,569 |
| Capital/Development grants | - | - | 12,243,965 | 12,243,965 |
| At June 30, 2025 (current year) | - | 11,478,079 | 23,893,462 | 35,371,541 |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

4. Statement of Cash Flows for The Year Ended 30 June 2025

| Description | Note | 2025/2024 | 2024/2023 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | | - | - |
| Grants from donors and development partners | | - | - |
| Transfers from other Government entities | | - | - |
| Public contributions and donations | | - | - |
| Rendering of services- Medical Service Income | | 31,081,191 | 14,037,148 |
| Revenue from rent of facilities | | - | - |
| Finance / interest income | | - | - |
| Miscellaneous receipts(<i>specify</i>) | | - | - |
| Total Receipts | | 31,081,191 | 14,037,148 |
| | | | |
| Payments | | | |
| Medical/Clinical costs | | 10,087,122 | 780,262 |
| Employee costs | | 1,357,000 | 490,000 |
| Board of Management Expenses | | 90,000 | 29,000 |
| Repairs and maintenance | | 1,850,952 | 1,132,350 |
| Grants and subsidies | | - | - |
| General expenses | | 12,001,852 | 9,638,387 |
| Finance costs | | - | - |
| Refunds paid out | | - | - |
| Total Payments | | 25,386,926 | 12,069,999 |
| Net cash flows from operating activities | 43 | 5,694,265 | 1,967,149 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | - | - |
| Purchase of intangible assets | | - | - |
| Proceeds from the sale of PPE | | - | - |
| Acquisition of investments | | - | - |
| Net cash flows used in investing activities | | - | - |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Capital grants received | | - | - |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

| Description | Note | 2025/2024 | 2024/2023 |
|---|------|------------------|------------------|
| | | Kshs | Kshs |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | 5,694,265 | 1,967,149 |
| Cash and cash equivalents as at 1 July | 27 | 2,309,216 | 342,067 |
| Cash and cash equivalents as at 30 June | 27 | 8,003,481 | 2,309,216 |

Naromoru Level 4 Hospital (Nyeri County Government)
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5. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|---|-------------------|-------------------|-------------------|----------------------------|------------------------|------------------|
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c% |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Budget carryovers from the previous year | - | - | - | - | - | % |
| Receipts | | | | | | |
| Transfers from the County Government | - | - | - | - | - | % |
| Grants from donors and development partners | - | - | - | - | - | % |
| Transfers from other Government entities | - | - | - | - | - | % |
| Public contributions and donations | - | - | - | - | - | % |
| Rendering of services- Medical Service Income | 17,001,391 | 16,670,004 | 33,671,395 | 33,671,395 | 0 | 100% |
| Revenue from rent of facilities | - | - | - | - | - | % |
| Finance / interest income | - | - | - | - | - | % |
| Miscellaneous receipts (<i>specify</i>) | - | - | - | - | - | % |
| Total receipts | 17,001,391 | 16,670,004 | 33,671,395 | 33,671,395 | 0 | 100% |
| Payments | | | | | | |
| Medical/Clinical costs | 8,576,640 | 1,510,482 | 10,087,122 | 10,087,122 | 0 | 100% |
| Employee costs | 50,000 | 1,307,000 | 1,357,000 | 1,357,000 | 0 | 100% |
| Remuneration of directors/board | 380,000 | - | 380,000 | 90,000 | 290,000 | 24% |
| Repairs and maintenance | 1,230,000 | 620,952 | 1,850,952 | 1,850,952 | 0 | 100% |
| Grants and subsidies | - | - | - | - | - | % |
| General expenses | 6,764,751 | 5,237,101 | 12,001,852 | 12,001,852 | 0 | 100% |
| Finance costs | - | - | - | - | - | % |
| Refunds | - | - | - | - | - | % |
| Total Operational Expenditure paid | 17,001,391 | 8,675,535 | 25,676,926 | 25,386,926 | 290,000 | |
| Capital Expenditure paid | - | - | - | - | - | % |
| Surplus | 0 | 7,994,469 | 7,994,469 | 8,284,469 | 290,000 | % |

Naromoru Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

:
Budget Reconciliation

| | Description of Particulars | Amount in Kshs |
|---|---|----------------|
| | Actual Surplus Amounts as per the statement of Budget | 8,284,469 |
| 1 | Bigger expenses than originally estimated due to growth of the facility | 280,988 |
| 2 | Reason for differences | xx |
| 3 | Reason for differences | xx |
| 4 | Reason for differences | xx |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 8,003,481 |

6. Notes to the Financial Statements

1. General Information

Naromoru Level 4 Hospital is established by and derives its authority and accountability from - Act. The entity is wholly owned by the - County Government and is domiciled in Nyeri County in Kenya. The entity's principal activity is to offer preventive and curative healthcare services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

| Standard | Effective date and impact: |
|--|--|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| IPSAS 45-Property Plant and Equipment | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> |
| IPSAS 46 Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> 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; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. |

Naromoru Level 4 Hospital (Nyeri County Government)
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| Standard | Effective date and impact: |
|---|--|
| | The standard also introduces a public sector specific measurement bases called the current operational value. |
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| IPSAS 48- Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49- Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>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.</p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li data-bbox="448 1473 1294 1547">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. <li data-bbox="448 1563 1353 1682">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <li data-bbox="448 1697 1337 1899">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 cash flows.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

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

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

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

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

| Description | 2025/2024 | 2024/2023 |
|---|-----------|------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | - | 3,444,253 |
| Level 4/5 grants | - | - |
| Unconditional development grants | - | - |
| Other grants (<i>specify</i>) | - | - |
| | - | 3,444,253 |
| Conditional grants | | |
| User fee forgone | - | - |
| Transforming health services for Universal care project (THUCP) | - | - |
| DANIDA | - | 905,398 |
| Wards Development grant | - | - |
| Paediatric block grant | - | - |
| Administration block grant | - | - |
| Laboratory grant | - | - |
| Total government grants and subsidies | - | 4,349,651 |

6 b Transfers from The County Government

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance* KShs | Amount deferred under deferred income KShs | Amount recognised in capital fund. | Total grant income during the year | Comparative Period |
|--------------------------------------|--|---|------------------------------------|------------------------------------|--------------------|
| | | | KShs | KShs | KShs |
| Nyeri County Government | - | - | - | - | - |
| Total | - | - | - | - | - |

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

| Description | 2025/2024 | 2024/2023 |
|---|------------------|-------------------|
| | KShs | KShs |
| Salaries and wages | 2,285,328 | 948,974 |
| Medical supplies-Drawings Rights (KEMSA) | 4,341,447 | 7,100,951 |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | - | - |
| Bulk-Medical Oxygen Supply | 1,451,424 | - |
| Utility bills(water, electricity, internet) | 1,289,647 | 3,269,710 |
| Total grants in kind | 9,367,846 | 11,319,635 |

8. Grants From Donors and Development Partners

| Description | 2025/2024 | 2022/2023 |
|---|-----------|-----------|
| | KShs | KShs |
| Cancer Centre grant- DANIDA | - | - |
| World Bank grants | - | - |
| Paediatric ward grant- JICA | - | - |
| Research grants | - | - |
| Other grants (<i>specify</i>) | - | - |
| Total grants from development partners | - | - |

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | | |
| Transfer from - National Hospital | | |
| Transfer from - Institute | | |
| Total Transfers | | |

10. Public Contributions and Donations

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Public donations | | |
| Donations from local leadership | | |
| Donations from religious institutions | | |
| Donations from other international organisations and individuals | | |
| Other donations(<i>specify</i>) | | |
| Donations in kind-amortised | | |
| Total donations and sponsorships | | |

10 (a)Reconciliations of amortised grants

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Balance unspent at beginning of year | | |
| Current year receipts | | |
| Amortised and transferred to revenue | | |
| Conditions to be met – remain liabilities | | |

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

| Description | 2025/2024 | 2024/2023 |
|---|-------------------|------------------|
| | Kshs | Kshs |
| Pharmaceuticals | 48,078,640 | 9,687,496 |
| Non-Pharmaceuticals | | |
| Laboratory | | |
| Radiology | | |
| Orthopedic and Trauma Technology | | |
| Theatre | | |
| Accident and Emergency Service | | |
| Anesthesia Service | | |
| Ear Nose and Throat service | | |
| Nutrition service | | |
| Cancer centre service | | |
| Dental services | | |
| Reproductive health | | |
| Paediatrics services | | |
| Farewell home services | | |
| Ambulance services | | |
| Other medical services income (<i>specify</i>) | | |
| Total revenue from the rendering of services | 48,078,640 | 9,687,496 |

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Residential property | | |
| Commercial property | | |
| Total Revenue from rent of facilities | | |

13. Finance /Interest Income

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest income from Cash investments and fixed deposits | | |
| Interest income from short- term/ current deposits | | |
| Interest income from Treasury Bills | | |
| Interest income from Treasury Bonds | | |
| Interest from outstanding debtors | | |
| Total finance income | | |

14. Miscellaneous Income

| Description | 2025/2024 | 2024/2023 |
|---|-----------|-----------|
| | KShs | KShs |
| Insurance recoveries | | |
| Income from sale of tender | | |
| Services concession income | | |
| Sale of goods (water, publications, containers etc) | | |
| Write backs (Deposits, payments in advance etc) | | |
| Bad debts recovered | | |
| <i>Others (Specify)</i> | | |
| Total Miscellaneous income | | |

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

| Description | 2025/2024 | 2024/2023 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Dental costs/ materials | 124,000 | 286,080 |
| Laboratory chemicals and reagents | 662,475 | 440,926 |
| Public health activities | - | - |
| Food and Ration | 1,966,727 | 1,153,761 |
| Uniform, clothing, and linen | 48,300 | 77,290 |
| Dressing and Non-Pharmaceuticals | 2,069,738 | 553,931 |
| Pharmaceutical supplies | 7,149,786 | 7,881,213 |
| Health information stationery /publishing& printing | 1,491,806 | 1,293,380 |
| Reproductive health materials | - | - |
| Sanitary and cleansing Materials | 587,710 | 315,630 |
| Purchase of Medical gases/industrial gases | 1,606,824 | - |
| X-Ray/Radiology supplies | 172,627 | |
| Other medical related clinical costs (<i>specify</i>) | | |
| Total medical/ clinical costs | 15,879,993 | 12,002,211 |

16. Employee Costs

| Description | 2025/2024 | 2024/2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 3,844,766 | 1,438,974 |
| Contributions to pension schemes | | |
| Service gratuity | | |
| Performance and other bonuses | | |
| Staff medical expenses and Insurance cover | | |
| Group personal accident insurance and WIBA | | |
| Social contribution | | |
| Other employee costs (<i>specify</i>) | | |
| Employee costs | 3,844,766 | 1,438,974 |

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

| Description | 2025/2024 | 2024/2023 |
|------------------------------------|---------------|---------------|
| | Kshs | Kshs |
| Chairman's Honoraria | | |
| Sitting allowance | 60,000 | 20,000 |
| Mileage | | |
| Insurance expenses | | |
| Induction and training | | |
| Travel and accommodation allowance | 30,000 | 9,000 |
| Airtime allowances | | |
| Total | 90,000 | 29,000 |

18. Depreciation and Amortization Expense

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Property, plant and equipment | | |
| Intangible assets | | |
| Investment property carried at cost | | |
| Total depreciation and amortization | | |

19. Repairs And Maintenance

| Description | 2025/2024 | 2024/2023 |
|--------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Property- Buildings | 265,766 | 427,560 |
| Medical equipment | - | 295,700 |
| | 41,930 | 99,050 |
| Furniture and fittings | - | |
| Computers and accessories | - | |
| Motor vehicle expenses | 531,406 | 310,040 |
| Maintenance of civil works | 1,011,850 | |
| Total repairs and maintenance | 1,850,952 | 1,132,350 |

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

| Description | 2025/2024 | 2024/2023 |
|-----------------------------------|------------------|-----------|
| | Kshs | Kshs |
| Primary health care support-20% | 7,674,875 | - |
| Fund board administration -3% | 1,186,836 | - |
| Total grants and subsidies | 8,861,711 | - |

21. General Expenses

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Advertising and publicity expenses | 103,760 | 12,499 |
| Catering expenses | 797,855 | 640,400 |
| Insecticides and rodenticides | 9,120 | 20,000 |
| Bank charges | 9,017 | 5,533 |
| Contracted services(security& cleaning) | 3,961,789 | 1,537,454 |
| Electricity expenses | 4,042,072 | 3,665,539 |
| fuel& lubricants | 2,098,098 | 1,662,260 |
| Trave allowance | 718,800 | 284,000 |
| Travel and accommodation | 110,000 | - |
| foreign travel | 634,809 | - |
| Daily Subsistence Allowance | 369,020 | 246,900 |
| Internet expenses | 75,998 | 61,300 |
| Printing& stationery/General Office Supplies | 482,250 | 166,474 |
| Hire of Conference/training facilities | 132,800 | 77,500 |
| Telephone and mobile phone services | 205,500 | 107,979 |
| Water and sewerage costs | 407,015 | 104,100 |
| Hospitality Services/cooking gas | 384,650 | 138,800 |
| Specialised materials | 10,000 | 49,500 |
| Lighting equiptment | 3,900 | 33,700 |
| computer& printer accessories | 143,500 | 207,000 |
| Household Appliances | 186,711 | 92,640 |
| workshop tools | - | 45,000 |
| safety gear | - | 19,950 |
| ICT&Networking | - | 8,500 |
| training expenses | - | 100,000 |
| Internet expenses | - | - |
| Staff training and development | - | - |

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| Description | 2025/2024 | 2024/2023 |
|-------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Total General Expenses | 14,886,644 | 9,287,028 |

22. Finance Costs

| Description | Insert Current FY | Insert Comparative FY |
|---|-------------------|-----------------------|
| | KShs | KShs |
| Borrowings (amortized cost) * | - | - |
| Finance leases (amortized cost) | - | - |
| Interest on Bank overdrafts/Guarantees | - | - |
| Interest on loans from commercial banks | - | - |
| Total finance costs | - | - |

23. Gain/Loss on Disposal of Non-Current Assets

| Description | Insert Current FY | Insert Comparative FY |
|---|-------------------|-----------------------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Other assets not capitalised (<i>specify</i>) | - | - |
| Total gain on sale of assets | - | - |

24. Unrealized Gain On Fair Value Investments

| Description | Insert Current FY | Insert Comparative FY |
|---------------------------|-------------------|-----------------------|
| | KShs | KShs |
| Investments at fair value | - | - |
| Total gain | - | - |

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

| Description | Insert Current FY | Insert Comparative FY |
|---|-------------------|-----------------------|
| | KShs | KShs |
| Comprehensive care contracts with NHIF/SHA | - | - |
| Non- Comprehensive contracts care with NHIF/SHA | - | - |
| Linda Mama Program | - | - |
| Waivers and Exemptions | 1,334,831 | 686,709 |
| Total Gain/Loss | 1,334,831 | 686,709 |

26. Impairment Loss

| Description | Insert Current FY | Insert Comparative FY |
|--------------------------------|-------------------|-----------------------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Investments | - | - |
| Total impairment loss | - | - |

27. Cash And Cash Equivalents

| Description | Insert Current FY | Insert Comparative FY |
|--|-------------------|-----------------------|
| | KShs | KShs |
| Current accounts | 8,003,481 | 2,309,216 |
| On - call deposits | - | - |
| Fixed deposits accounts | - | - |
| Cash in hand | - | - |
| Others(<i>specify</i>)- Mobile money | - | - |
| Total cash and cash equivalents | 8,003,481 | 2,309,216 |

Notes to the Financial Statements (Continued)

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

| Description | | Insert Current FY | Insert Comparative FY |
|--------------------------------------|-------------------|----------------------|--------------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1158685947 | 8,003,481 | 2,309,043 |
| Equity Bank, etc | | - | - |
| Sub- total | | 8,003,481 | 2,309,043 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Equity Bank – etc | | - | - |
| Sub- total | | - | - |
| c) Fixed deposits account | | | |
| Bank Name | | - | - |
| Sub- total | | - | - |
| d) Others(<i>specify</i>) | | | |
| cash in hand | | - | - |
| Mobile money- Mpesa, Airtel money | | - | - |
| Sub- total | | - | - |
| | | | |
| Grand total | | 8,003,481 | 2,309,043 |

28. Prepayments

| Description | 2025/2024 | 2024/2023 |
|-------------------|----------------|-----------|
| | Kshs | Kshs |
| Contracted guards | 238,095 | |
| internet | 4,502 | |
| Total | 242,597 | - |

29. Receivables From Exchange Transactions

| Description | Insert Current FY | Insert Comparative FY |
|------------------------------|-------------------|-----------------------|
| | KShs | KShs |
| Medical services receivables | 8,517,417 | 2,677,038 |
| Rent receivables | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | | |
| Total receivables | 8,517,427 | 2,677,038 |

Analysis of Receivables From Exchange Transactions

| Description | 2025/2024 | | 2024/2023 | |
|--------------------|------------------|----------------|------------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 5,840,389 | 69% | 2,677,038 | 100% |
| Between 1- 2 years | 2,677,038 | 31% | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | 8,517,427 | % | 2,677,038 | % |

30. Receivables From Non-Exchange Transactions

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfers from the County Government | - | - |
| Undisbursed donor funds | - | - |
| Other debtors (<i>non-exchange transactions</i>) | - | - |
| Less: impairment allowance | - | - |
| Total | - | - |

Analysis of Receivables From Non-Exchange Transactions

| Description | 2025/2024 | | 2024/2023 | |
|--------------------|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | - | % | - | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | - | % | - | % |

31. Inventories

| Description | 2025/2024 | 2024/2023 |
|--|------------------|------------------|
| | KShs | KShs |
| Pharmaceutical supplies | 1,345,674 | 3,472,172 |
| Maintenance supplies | - | 117,000 |
| Food supplies | 79,701 | 140,500 |
| Linen and clothing supplies | - | - |
| Non pharmaceutical supplies | 2,665,309 | 3,965,829 |
| Cleaning materials supplies | - | 23,400 |
| General supplies | - | 230,315 |
| Less: provision for impairment of stocks | - | - |
| Total | 4,090,684 | 7,949,216 |

Detailed disclosure on inventories

| | 2025/2024 | 2024/2023 |
|----------------------------------|------------|------------|
| Opening balance | 7,949,216 | 10,619,351 |
| Additional Inventory in the year | 8,004,994 | 3,146,398 |
| Inventory expensed in the year | 11,863,526 | 5,816,533 |
| Write-downs in the year | - | - |
| Others specify | - | - |
| Closing balance | 4,090,684 | 7,949,216 |

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Other Assets (specify) | Capital Work in progress | Total |
|------------------------------------|------|---------------------------|----------------|---|---------------|-----------------------------|------------------------|--------------------------|------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | | Ksh | Ksh |
| Cost | | | | | | | | | |
| At 1 July 2023 (previous year) | - | - | - | - | - | - | - | - | - |
| Additions | 1 | 1 | 1 | 1 | 1 | 1 | - | - | 1 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - | - | - | - |
| At 30th Jun 2024 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | 1 |
| At 1 July 2024 (current year) | - | - | - | - | - | - | - | - | - |
| Additions | - | 13,142,797 | - | - | 419,250 | 3,267,840 | - | - | 16,829,880 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - | - | - | - |
| At 30th Jun 2025 | 1 | 13,142,797 | 1 | 1 | 419,250 | 3,267,840 | - | - | 16,829,880 |
| Depreciation and impairment | | | | | | | | | |

Naromoru Level 4 Hospital (Nyeri County Government)
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| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Other Assets (specify) | Capital Work in progress | Total |
|---|------|---------------------------|----------------|---|---------------|-----------------------------|------------------------|--------------------------|------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | | Ksh | Ksh |
| At 1 July 2023 (previous year) | | - | - | - | - | - | - | - | - |
| Depreciation for the year | | - | - | - | - | - | - | - | - |
| Disposals | | - | - | - | - | - | - | - | - |
| Impairment | | - | - | - | - | - | - | - | - |
| At 30 June 2024 | | - | - | - | - | - | - | - | - |
| At July 2024 (current year) | | - | - | - | - | - | - | - | - |
| Depreciation | | - | - | - | - | - | - | - | - |
| Disposals | | - | - | - | - | - | - | - | - |
| Impairment | | - | - | - | - | - | - | - | - |
| Transfer/adjustment | | - | - | - | - | - | - | - | - |
| At 30th June 2025 | | - | - | - | - | - | - | - | - |
| | | | | | | | | | |
| Net book values | | | | | | | | | |
| At 30 th Jun 2024 (previous) | - | - | - | - | - | - | - | - | - |
| At 30 th Jun 2025 (current) | 1 | 13,142,797 | 1 | 1 | 419,250 | 3,267,840 | - | - | 16,829,880 |

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

| Description | 2024/2025 | 2023/2024 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | - | - |
| Additions | - | - |
| Additions-Internal development | - | - |
| Disposal | - | - |
| At end of the year | - | - |
| | | |
| Amortization and impairment | | |
| At beginning of the year | - | - |
| Amortization for the period | - | - |
| Impairment loss | - | - |
| At end of the year | - | - |
| NBV | - | - |

34. Investment Property

| Description | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
| | KShs | KShs |
| At beginning of the year | - | - |
| Additions | - | - |
| Disposals during the year | - | - |
| Fair value gain | - | - |
| Depreciation (<i>where investment property is at cost</i>) | - | - |
| Impairment | - | - |
| At end of the year | - | - |

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Notes to the Financial Statements (Continued)

35. Biological Assets

| Description | 2024/2025 | 2023/2024 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Trees in a plantation forest | - | - |
| Animals: Dairy Cattle, Pigs, Sheep | - | - |
| Others specify | - | - |
| Total | - | - |

36. Trade and other Payables

| Description | 2025/2024 | | 2024/2023 | |
|---|-------------------|-----------------------|------------------------|-----------------------|
| | KShs | | KShs | |
| Trade payables | - | - | - | - |
| Employee dues | - | - | - | - |
| Third-party payments (e.g. unremitted payroll deductions) | 202,439 | - | - | - |
| Tailoring fee outstanding | 15,000 | - | - | - |
| water | 70,735 | - | - | - |
| electricity | 2,024,361 | - | - | - |
| Bank changes | | | | |
| Total trade and other payables | 2,312,535 | - | | |
| Ageing analysis: | Current FY | % of the Total | Compa rative FY | % of the total |
| Under one year | 288,174 | 14% | 505,463 | 100% |
| 1-2 years | 2,024,361 | 86% | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | - | % | - | % |

37. Refundable Deposits from Customers/Patients

| Description | 2024/2025 | | 2023/2024 | |
|------------------------------|-----------|----------|-----------|----------|
| | KShs | | KShs | |
| Medical fees paid in advance | - | - | - | - |
| Credit facility deposit | - | - | - | - |
| Rent deposits | - | - | - | - |
| Others (specify) | - | - | - | - |
| Total deposits | - | - | - | - |

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| Ageing analysis: | 2025/2024 | % of the Total | 2024/2023 | % of the Total |
|------------------|-----------|----------------|-----------|----------------|
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | - | % | - | % |

38. Provisions

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

39. Finance Lease Obligation

| Description | 2025/2024 | 2024/2023 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Current Lease obligation | - | - |
| Long term lease obligation | - | - |
| Total | - | - |

40. Deferred Income

| Description | 2025/2024 | 2024/2023 |
|---------------------|-----------|-----------|
| | KShs | KShs |
| Current Portion | - | - |
| Non-Current Portion | - | - |
| Total | - | - |

Naromoru Level 4 Hospital (Nyeri County Government)
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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

| Description | 2025/2024 | 2024/2023 |
|---|-----------|-----------|
| | KShs | KShs |
| Balance at beginning of the period | - | - |
| External borrowings during the year | - | - |
| Domestic borrowings during the year | - | - |
| Repayments of external borrowings during the year | - | - |
| Repayments of domestic borrowings during the year | - | - |
| Balance at end of the period | - | - |

41. (a) Breakdown of Long- and Short-Term Borrowings

| Description | 2025/2024 | 2024/2023 |
|------------------------|-----------|-----------|
| | KShs | KShs |
| Current Obligation | - | - |
| Non-Current Obligation | - | - |
| Total | - | - |

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Fair value of service concession assets recognized under PPE | - | - |
| Accumulated depreciation to date | - | - |
| Net carrying amount | = | = |
| Service concession liability at beginning of the year | - | - |
| Service concession revenue recognized | - | - |
| Service concession liability at end of the year | = | = |

43. Cash Generated from Operations

| Description | 2025/2024 | 2024/2023 |
|--|------------------|------------------|
| | KShs | KShs |
| Surplus for the year before tax | 9,662,456 | 780,510 |
| Adjusted for: | | |
| Depreciation | | |
| Non-cash grants received | 0 | 0 |
| Impairment | | |
| Gains and losses on disposal of assets | | |
| Contribution to provisions | | |
| Contribution to impairment allowance | | |
| Working Capital adjustments | | |
| Increase in inventory | | 1,186,639 |
| Increase in receivables | | |
| Increase in deferred income | | |
| Increase in payables | (3,968,191) | |
| Increase in payments received in advance | | |
| Net cash flow from operating activities | 5,694,265 | 1,967,149 |

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

| Description | Total amount | Fully performing | Past due | Impaired |
|---|------------------|------------------|----------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 (previous year) | | | | |
| Receivables from exchange transactions | 2,677,038 | 2,677,038 | 0 | 0 |
| Receivables from –non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 2,309,216 | 2,309,216 | 0 | 0 |
| Total | 4,986,254 | 4,986,254 | 0 | 0 |
| At 30 June 2025(current year) | | | | |
| Receivables from exchange transactions | 8,517,427 | 8,517,427 | 0 | 0 |
| Receivables from –non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 8,003,481 | 8,003,481 | 0 | 0 |

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| | | | | |
|--------------|-------------------|-------------------|----------|----------|
| Total | 16,520,908 | 16,520,908 | - | - |
|--------------|-------------------|-------------------|----------|----------|

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|------------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade payables | - | 505,463 | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | 505,463 | - | - |
| At 30 June 2025 | | | | |
| Trade payables | - | 288,174 | 2,024,361 | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | 288,174 | 2,024,361 | - |

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

| Description | KShs | Other currencies | Total |
|---|------|------------------|-------|
| | Kshs | | Kshs |
| At 30 June 2025 | | | |
| Financial assets (investments, cash, debtors) | - | - | - |
| Liabilities | | | |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-----------------------------|----------------------------|--------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| 20XX (previous year) | | | |
| Euro | - | - | - |
| USD | - | - | - |
| 20XX (current year) | | | |
| Euro | - | - | - |
| USD | - | - | - |

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

| Description | Current Period | Comparative Period |
|---|-------------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | 10,697,569 | 780,510 |
| Capital reserve | 12,243,965 | 11,649,497 |
| Total funds | 22,941,534 | 12,430,007 |
| Total borrowings | - | - |
| Less: cash and bank balances | 8,003,481 | 2,309,216 |
| Net debt/ (<i>excess cash and cash equivalents</i>) | 14,938,053 | 10,120,791 |
| Gearing | 65% | 81% |

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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

| Description | 2025/2024 | 2024/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Services offered to related parties | | |
| Services to - | - | - |
| Sales of services to - | - | - |
| Total | - | - |
| b) Grants from the Government | | |
| Grants from County Government | - | - |
| Grants from the National Government Entities | - | - |
| Donations in kind | - | - |
| Total | - | - |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for - employees | - | - |
| Payments for goods and services for - | - | - |
| Total | - | - |
| d) Key management compensation | | |

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| Description | 2025/2024 | 2024/2023 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Directors' emoluments | - | - |
| Compensation to the medical Sup | - | - |
| Compensation to key management | - | - |
| | | |
| Total | - | - |

46. Segment Information

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

47. Contingent Liabilities

| Contingent liabilities | 2025/2024 | 2024/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Court case - against the hospital | - | - |
| Bank guarantees in favour of subsidiary | - | - |
| Total | - | - |

(Give details)

48. Capital Commitments

| Capital Commitments | 2025/2024 | 2024/2023 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Authorised For | - | - |
| Authorised And Contracted For | - | - |
| Total | - | - |

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

7. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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



.....
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|--|--------------------------------------|----------------------|---------------------|---------------------|--|--|
| 1. Kitchen Construction | Blue valley enterprises ltd | Nyeri County govt | june 25 | 100% | No | Yes |
| 2. Perimeter wall, Gazebo& walkways | Pamar Civil &Building Contractors | Nyeri County govt | june 25 | 100% | No | Yes |
| 3. Anaesthetic Machine | Sm Alphabeta Technologies Ltd | Nyeri County govt | june 25 | 100% | No | Yes |
| 4. UPS Machine | Murrad Ventures | Nyeri County govt | june 25 | 100% | No | Yes |
| 5. Infant Warmer Machine | State Serve Medical Solutions | Nyeri County govt | june 25 | 100% | No | Yes |

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Status of Projects completion

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

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|---------------------------------|--------------------|------------------------|----------------------|-----------|-----------|-------------------|
| 1 | Kitchen construction | 4,387,779 | 4,387,779 | 100% | 4,387,779 | 4,387,779 | Nyeri County Govt |
| 2 | Perimeter wall, gazebo& walkway | 8,755,018 | 8,755,018 | 100% | 8,755,018 | 8,755,018 | Nyeri County Govt |
| 3 | Anaesthetic machine | 2,870,000 | 2,870,000 | 100% | 2,870,000 | 2,870,000 | Nyeri County Govt |
| 4 | UPS Machine | 419,250 | 419,250 | 100% | 419,250 | 419,250 | Nyeri County Govt |
| 5 | Infant warmer | 397,840 | 397,840 | 100% | 397,840 | 397,840 | Nyeri County Govt |

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Appendix III: Inter-Entity Confirmation Letter
 Name of Transferring entity.... Health Services Sector Fund Board
 Name of Beneficiary entity... Naromoru Level IV Hospital

| Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY) | | | | | |
|--|----------------|----------------------|-----------------|-----------------|----------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| CGN/HEALTH/H.C/DISP/005 | 8/13/2024 | 1,341,500.00 | 0 | 1,341,500.00 | Received |
| CGN/HEALTH/H.C/DISP/0043 | 8/23/2024 | 3,099,499.00 | 0 | 3,099,499.00 | Received |
| CGN/HEALTH/HOSP/10/003 | 10/28/2024 | 4,259,937.00 | 0 | 4,259,937.00 | Received |
| CGN/HEALTH/H.C/DISP/10/170 | 12/11/2024 | 535,010.75 | 0 | 535,010.75 | Received |
| CGN/HEALTH/H.C/DISP/10/171 | 12/11/2024 | 288,940.20 | 0 | 288,940.20 | Received |
| CGN/HEALTH/HOSP/01/006 | 1/28/2025 | 7,824,040.95 | 0 | 7,824,040.95 | Received |
| CGN/HEALTH/HOSP/04/008 | 4/25/2025 | 6,509,238.74 | 0 | 6,509,238.74 | Received |
| CGN/HEALTH/HOSP/06/004 | 6/25/2025 | 9,813,228.3 | 0 | 9,813,228.3 | Received |
| | TOTAL | 33,671,394.94 | | | |

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name *Eugene W. Njiru* Sign *[Signature]* Date *27/08/25*

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Appendix IV Reporting of Climate Relevant Expenditures

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

XX Hospital (XX County Government)
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Appendix V: Disaster Expenditure Reporting Template

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

