

REPUBLIC OF KENYA

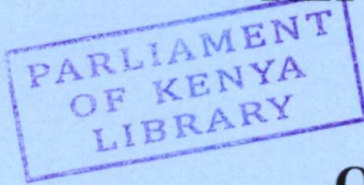


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

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THE AUDITOR-GENERAL

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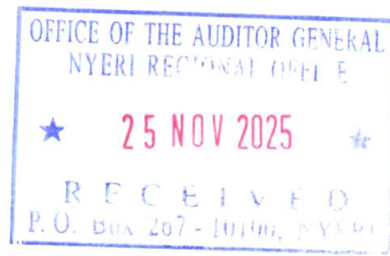
ON

OTHAYA SUB-COUNTY LEVEL IV HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYERI

23



**OTHAYASUBCOUNTYHOSPITAL
Level4
(NyeriCountyGovernment)**

**ANNUALREPORTANDFINANCIALSTATEMENTS FOR
THE YEAR ENDED 30TH JUNE 2025**

PreparedinaccordancewiththeAccrualBasisofAccountingMethodundertheInternationalPublicSector Accounting Standards (IPSAS)

Othaya Subcounty Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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I. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MEDSUP	Medical Superintendent
Fiduciary Management entity. FY	Key management personnel who have financial responsibility in the Financial Year
PSASB	Public Sector Accounting Standards Board
NHIF	National Health Insurance Fund
PMTCT	Prevention of Mother to Child Transmission
TB	Tuberculosis
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
MCH	Maternal and Child Health
ALOS	Average length of stay
CCC	Comprehensive care Clinic
IPSAS	International Public Sector Accounting Standards
CECM	County Executive Committee Member
SHA	Social Health Authority

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2. Key Entity Information and Management

(a) Background information

Othaya Sub County Hospital is a level 4 hospital established under gazette notice number Vol CX-No 65 dated 8th August 2008 and is domiciled in Nery County under the Department of health services. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activities and mandate of the hospital are

1. To provide preventive promotive curative and rehabilitative services
2. To serve as a hub for the Nery south primary care network
3. To provide palliative care services including home based services
4. To offer youth friendly services

Vision

A leading hospital committed to provision of quality health care

Mission

To provide integrated preventive, promotive, curative, rehabilitative and palliative care to members of the community for wellness and socioeconomic prosperity

(c) Key Management

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

- Nery County department of medical services and public health
- Hospital Board of Management
- Accounting Officer/Medical Superintendent
- Hospital Management team

(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:

No.	Designation	Name
1.	Medical Superintendent	Dr. George Kiongo Maina
2.	Assistant Director of nursing	Mrs. Doris Wangechi Maina
3.	Head of supply chain	Mr. Douglas Kingori Kiruri
4.	Hospital administrator	Mrs. Cecilia Wanjiru Gichuki

(e) Fiduciary Oversight Arrangements

Nery County department of internal audit

Auditors from this department visit the hospital every year and conduct an audit on the hospital operations, internal controls, revenue collection, budget implementation and compliance with laws and regulations

County assembly

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The county assembly of Nery Finance committee meets quarterly and scrutinizes the hospital revenue collection and waivers within the quarter. It is also responsible from approval of hospital user charges.

Key Entity Information and Management

(f) Othaya Sub county Hospital Headquarters

P.O.Box83-10106 OthayaTown Along
Othaya - Nery Highway OTHAYA,
KENYA

(g) Othaya Subcounty Hospital Contacts

Telephone:+254738009850/+254775672641
E-mail:othayasdh@yahoo.com/othayasubcountyhospital@gmail.com

(h) Othaya Subcounty Hospital Bankers

Cooperative Bank of Kenya
OTHAYA BRANCH
P.OBOX257-10106Othaya

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O.Box30084
GPO00100
Nairobi, Kenya






(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O.Box40112
CitySquare00200
Nairobi, Kenya





(k) County Attorney

P.O.Box.1112-10100
Nyeri, Kenya





3. The Board of Management

Ref	Directors	Details
1.	 Mr. Robin Muriuki Ndegwa	Age 52 years, non-executive independent board member Serving as the board chairperson Key qualifications: Bachelor of Arts in political science, certificate in accounts for managers, certificate in leadership, certificate in advanced management. Work Experience: Worked for 13 years in company management position.
2.	 Mrs. Hellen Wanjiru Mwangi	Age 54 years, non-executive independent board member Serves as the Board vice chairperson, Chairman Finance and Audit subcommittee. Key qualifications : Certified Public Accountant Work experience. Worked as an accountant for 24 years.
3.	 Dr. George Kiongo Maina	Age 33 years' executive ex officio board member Serves as the medical Superintendent Serves as the secretary to the board Key qualifications: Bachelor in medicine and surgery CPA section 3, certificate in leadership and management, certificate in monitoring and evaluation, certificate in research Work experience : Worked for 6 years as a medical officer
4.	 Mrs. Mirriam Rukwaro	Age 64 years, non-executive independent board member Serves as Chairperson Service delivery subcommittee. Key qualifications: Diploma in clinical medicine, Higher diploma in clinical medicine-paediatrics, Masters in public health-epidemiology, Diploma in project management Work experience: Worked as a clinical officer for 36 years
5.	 Mrs. Nelly Wangari Muiruri	Aged 58 years, non-executive alternate board member. Key qualifications: Masters in project management, Bachelor of science in nursing Work experience: Has worked for 30 years as a nursing officer. Currently serving as the Nery County director of nursing

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6.	 <p>Mr. Jones Mwinzi Ivuli</p>	<p>Aged 56 years ,non-executive independent board member. Member of finance subcommittee. Key qualifications: Bachelor of business administration Work experience: worked for 16 years in NHIF</p>
7.	 <p>Mr. Samuel Wataru Ng'ang'a</p>	<p>Age 59 years. Non-executive independent board member. Key qualification: Bachelor in Biblical studies and community development outreach Work experience. Worked as PEFA Church overseer for 10 years</p>
8.	 <p>Mr. Wilson Wangombe Wamae</p>	<p>Non-executive independent board member Key qualifications: Masters in project planning and management and postgraduate diploma in human resource management. Work experience: 20 years' experience in community development work. Chief executive officer of Afya yetu initiative</p>
9.	 <p>Mrs. Alice Wanjira Kiburi</p>	<p>Non-executive independent board member Key qualifications: CPA Work experience: 32 years' experience as an accountant with 23 years at senior level. Chairperson Gikondi Mwangaza disability group</p>

4. Key Management Team

Ref	Management	Details
1.	 Dr. George Kiongo Maina Medical Superintendent Bachelor in Medicine and surgery	Overseeing overall operations of the hospital in service delivery financing and implementation of programs and activities in the hospital
2.	 Mrs. Cecilia Wanjiru Gichuki Health Administration Officer Diploma in business management ,Diploma in Records Management	Overseeing administrative activities in the hospital
3.	 Mrs. Doris Wangechi Maina Assistant Director of Nursing services Bachelor's degree in nursing (BSN)	Overseeing nursing services in the hospital
4.	 Mr. Douglas Kingori Kiruri	Overseeing procurement activities and storage of commodities

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5. Chairman's Statement

It is my privilege to present the Chairman's Statement for the financial year ended 30th June 2025. The year under review has been marked by commendable progress in infrastructural development, service delivery, and strategic partnerships, alongside financial challenges that reflect the evolving healthcare financing environment in Kenya.

Significant strides were made in strengthening our hospital and enhancing patient care. With the support of the County Department of Health (CDH), key projects were initiated, including the conversion of a section of the maternity ward into an operating theatre, the construction of an outpatient ablution block, and the renovation of the hospital kitchen. Through the Facility Improvement Fund (FIF), further investments were made in the conversion of the old kitchen into a youth-friendly center, the installation of CCTV, and the procurement of waiting bay seats to improve patient experience and safety. A major achievement was the successful completion of the oxygen piping and manifold system in April 2025, implemented in collaboration with CDH and AMREF, which has significantly strengthened our emergency and critical care capacity.

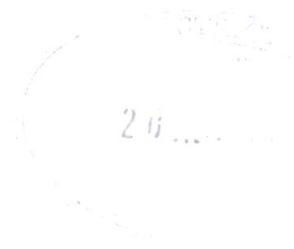
The hospital generated a total revenue of Kshs 42,815,527 during the financial year. However, revenues were adversely affected by a decrease in capitation payments and claims reimbursements from the Social Health Authority (SHA), leading to a 12% decline in collections in compared to 2023/2024. Additionally, MPESA receipts declined as more patients migrated to SHA coverage. These developments underscore the need for adaptive financial strategies to ensure sustainability.

Looking to the future, the hospital is well positioned to expand and diversify its services. The planned introduction of theatre services and the strengthening of newborn unit services will substantially improve maternal and child health outcomes. The establishment of comprehensive youth-friendly services will provide vital support to young people, while enhanced community engagement will foster stronger partnerships and promote preventive health. Furthermore, management remains committed to advancing financial sustainability through prudent resource utilization, innovation in service delivery, and alignment with county and national health financing frameworks.

I extend my sincere appreciation to our staff, board of management, hospital management team, partners, and all stakeholders for their unwavering dedication and support in advancing the hospital's mission.



Name: Robin M Ndegwa
Chairman to the Board



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6. Report of The Medical Superintendent

It is my privilege to present the 2024/2025 financial year report and financial statements for Othaya sub county hospital. The year 2024/2025 was one of growth and transformation as we expanded our services, improved patient outcomes and deepened our commitment to improving the health and wellbeing of the community.

Service Delivery and Performance

The hospital registered significant service utilization improvements compared to the previous year. Outpatient attendances rose by 19% from 40,495 in 2023/2024 to 47,890 in 2024/2025. While overall utilization increased, under-five outpatient visits declined by 34%, from 7,406 in 2023/2024 to 4,873 in 2024/2025, highlighting the need for implementation of strategies to reverse that trend.

Inpatient utilization grew by 20%, from 1,589 admissions in 2023/2024 to 1,948 admissions in 2024/2025. Deliveries also rose by 19%, from 520 to 619 during the same period. The average bed occupancy rate improved from 31% in 2023/2024 to 43.5% in 2024/2025, indicating increased demand and confidence in hospital services. Mortality rates remained stable at 4 per 100 admissions, with an average patient stay of five days.

Staffing and Human Resources

The hospital operated with 108 staff members, supported by the county government, UHC program, and partners, in addition to 19 casual workers. Despite this, critical staffing gaps persisted, particularly in accounting, nursing, medical officers, and specialists such as surgeons, paediatricians, obstetricians/gynaecologists, and anaesthetists. Staff turnover, especially in nursing, continued to strain service delivery. The facility remains committed to bridge these gaps to meet KMPDC and KQMH standards.

Infrastructure and Equipment

Strategic investment in infrastructure remained a major focus. In 2024/2025, notable projects included the ongoing conversion of part of the maternity ward into an operating theatre, construction of an outpatient ablution block, renovation of the hospital kitchen, and establishment of a youth-friendly centre. Additionally, the hospital completed oxygen piping and manifold installation, installed CCTV for security, procured waiting bay seats, and fitted curtains in wards to enhance privacy.

These developments built on earlier gains from 2023/2024 to enhance service delivery and patient experience.

Financial Performance

Revenue generation remained relatively strong though with slight fluctuations. In 2023/2024, the hospital collected Kshs 48,744,705, rising from improved NHIF reimbursements and claims. In 2024/2025, total revenue stood at Kshs 41,340,875 representing a 12% decline, largely due to reduced Social Health Authority (SHA) reimbursements and lower MPESA collections as patients migrated to Social health insurance.

Cost Management and Sustainability

In response to inflationary pressures and rising utility costs, the hospital adopted innovative cost-saving measures, including solar-powered lighting, rainwater harvesting, use of rechargeable batteries, and in-house detergent production. These initiatives enhanced sustainability and reduced operational costs.

Challenges

Key challenges included staff shortages, frequent breakdowns of medical equipment and the facility ambulance, and financial uncertainties following the transition from NHIF to SHA.

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Outlook

Looking forward, the hospital aims to fully operationalize its theatre services and newborn unit, strengthen youth-friendly services, and deepen community engagement through dialogue days, in reaches and outreaches and scorecards. Financial sustainability will remain a priority, with efforts to diversify revenue streams and enhance efficiency. Furthermore, the hospital plans to leverage digital innovations such as integrated HMIS, use of social media and telemedicine to improve service access and quality.



Name: Dr. George Kiongo Maina
Secretary to the Board



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7. Statement of Performance Against Predetermined Objectives

Othaya sub-county hospital has six strategic policy objectives within the current Strategic 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. Provide Essential Health Services
4. Reduce the burden of violence and injuries
5. Minimize exposure to health risk factors
6. Strengthen collaboration with health-related sectors

Othaya Sub-County 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 diagram below

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service delivery	Eliminate communicable conditions	Proportion of HIV+ pregnant mothers receiving preventive ARVs to reduce risk of mother to child transmission (PMTCT)	100%	100%
T		% of children under 1 year of age fully immunized	95%	85%
		% of children receiving three doses of penta 3 (containing vaccine (HIB/Hib/DPT3)	87%	82%
		Number of newly diagnosed TB cases	100%	61%
		Noofeligible HIV clients on ARVS	100%	100%
		No of children under 5 years treated for diarrhea with ORS&ZINC	3.5%	3.6%
		Proportion of pregnant women receivingTT2plus immunization	120%	112%
		Total confirmed malaria cases[per 1000 persons per year]	0	4per1000persons
	Halt and reverse increase in Non-communicable conditions	No of women of reproductive Age screened for cervical cancer	100%	610
		Number of new outpatients with mental health	200per 100,000 persons	182 per 100,000persons

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		conditions per 100,000 population		
		Number of new outpatients diagnosed with high Blood pressure per 100,000 population	380	401
		Number of new outpatients diagnosed with diabetes per 100,000 population	135	124
		Proportion of adults OPD clients with BMI more than 25	No data	No data
	Reduce the burden of violence and injuries	Road traffic injuries in OPD as a % of all diagnoses	120	127
		No of new outpatient cases attributed to other injuries	4.5%	5.4%
		%of patients with injury related Conditions dying in the facility	0	6
		No of pregnant women attending at Least 4ANC visits	500	473
		Number of women of reproductive age (WRA)receiving family planning (FP)commodities	30%	22%
		Number of deliveries conducted by Skilled attendants in health facilities	120%	108%
		Number of children under 5 years dying in the facility	0	6
		Fresh still birth rate per 1000 births in health facilities	0FSBper1000 births	3FSBper1000 births
		Number of facility Maternal deaths per 100,000 deliveries	0	0
		Proportion of low birth weight in Health facilities per 1000 births	20	39

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		Proportion of children under 5 years attending child welfare clinics for growth monitoring (new cases)	500	327
	Minimise exposure to health risk factors	Percentage of children 0-5 years (6 months) who were exclusively breastfed	2500	2428
		Proportion of children under 5 years attending child welfare clinic who are underweight	300	363
		Proportion of children under 5 years attending child welfare clinic who are stunted	200	244
	Strengthen collaboration with health-Related sectors	Number of meetings held with health-related sectors		

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8. Corporate Governance Statement

The Othaya level 4 hospital board held 6 meetings during the financial year 2024-2025. The members of the board are appointed according to the Nyeri County Health Services Act 2015. The chairperson is nominated by the CECM and appointed by the Governor. Board members representing various organizations are nominated by their organization for appointment by the CECM. The board members serve a term of three years and membership can be renewed for one final term of three years. The removal from office is guided by the Nyeri County Health Services Act 2015 third schedule section 6.

The functions of the board include:

- I. Approve budgets programmes and plans of the hospital
- II. Prepare an annual budget and plan to be adopted by the fund board
- III. Formulate strategies of resource mobilization
- IV. Inspect health services, prepare reports and forward to the fund board
- V. Make policy recommendations on cost sharing, public awareness on health and administration of the fund
- VI. Promoting development of the hospital
- VII. Approving plans and programs for implementing county health strategies in the hospital
- VIII. Approving estimates for submission to the chief officer
- IX. Carrying out any other function assigned by the executive secretary

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

Members declared 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.

9. Management Discussion and Analysis

Clinical/operational performance

Between FY2022/23 and 2024/25, Othaya SubCounty Hospital recorded steady growth in patient work load and improved efficiency across service areas.

In-Patient Services:

IPD admissions rose from 479 in Q1 2022/23 to 504 in Q4 2024/25, reflecting a **5.2% overall increase**. The Bed Occupancy Rate (BOR) improved significantly, rising from **27% in Q3 2022/23 to 48% in Q4 2024/25**, indicating better utilization of available beds.

Average Length of Stay (ALOS):

ALOS fluctuated between **3–7 days**, with an average of **5.4 days** across the three years. This reflects efficient patient turnover while maintaining quality of care.

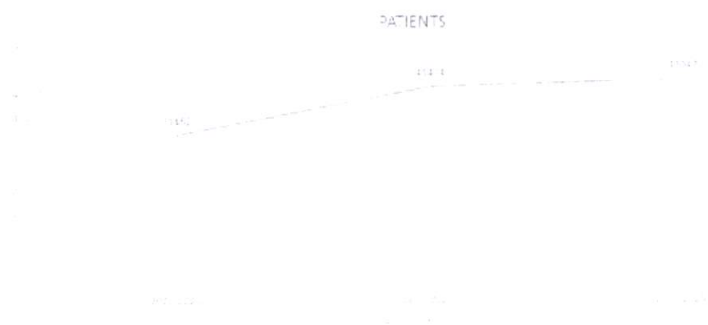
Maternal and Child Health:

Maternity admissions and deliveries showed a positive trend, demonstrating strong demand for maternal services. Mortality monitoring for under-five and over-five categories guided clinical priorities, with targeted interventions reducing preventable deaths.

Outpatient Services:

Both under-five and over-five outpatient attendance remained stable, highlighting continued community trusting primary care services. Seasonal variations were noted but overall attendance showed a **gradual increase over the period**.

OVER 5 OUTPATIENT ATTENDANCE



IPD ADMISSIONS AND BED OCCUPANCY RATE

Quarter / Year	IPD Admissions #	Bed Occupancy Rate (%)	Notes
2022/23 Q1	479	38%	
Q2	427	28%	
Q3	303	27%	
Q4	416	31%	
2023/24 Q1	400	38%	
Q2	434	32%	
Q3	410	25%	
Q4	157	23%	
2024/25 Q1	512	41%	
Q2	537	42%	
Q3	470	43%	
Q4	504	45%	

Looking forward, Othaya SubCounty Hospital aims to further strengthen maternal, child, and emergency services, expand theatre capacity, and enhance community health programs to sustain improved outcomes.

Financial performance

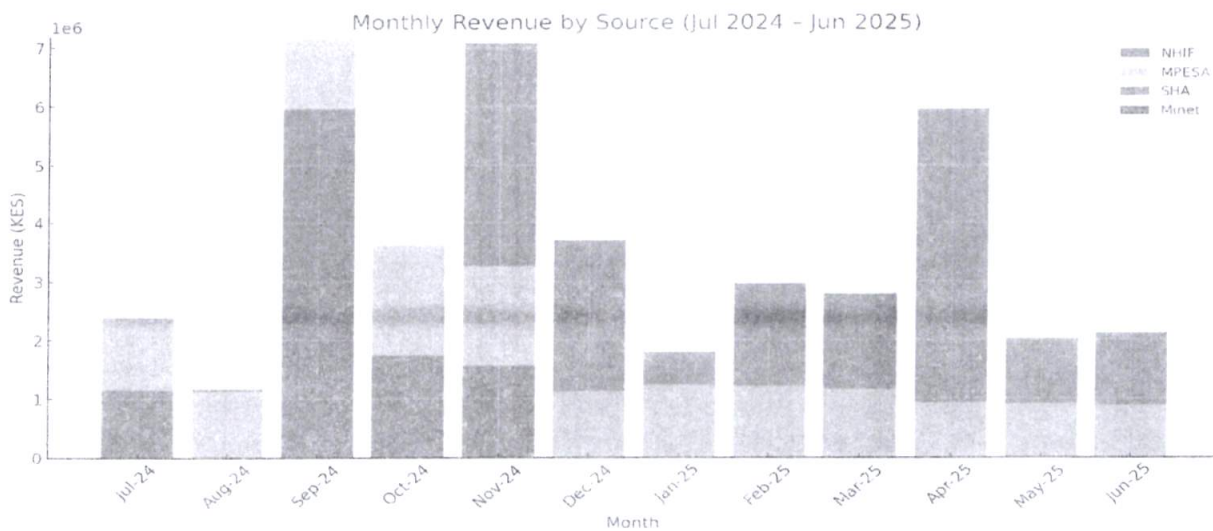
During the 2024/2025 financial year, the hospital realized a total revenue of **KES 42.8 million**, reflecting a diversified income base across NHIF, MPESA, SHA, and Minet contributions. Underscoring the growing preference for mobile-based transactions. We also had waivers of Kshs. 198,880 during the financial year. SHA contributed **KES 17.6 million**, largely boosted by significant inflows in November 2024 and April 2025, which together accounted for nearly half of the SHA

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Revenue . NHIF remittances totodate **KES10.4million**, with a notable spike in September 2024 that strengthened overall financial performance. MPESA payments revenue stream totaled **KES 14.6 million**

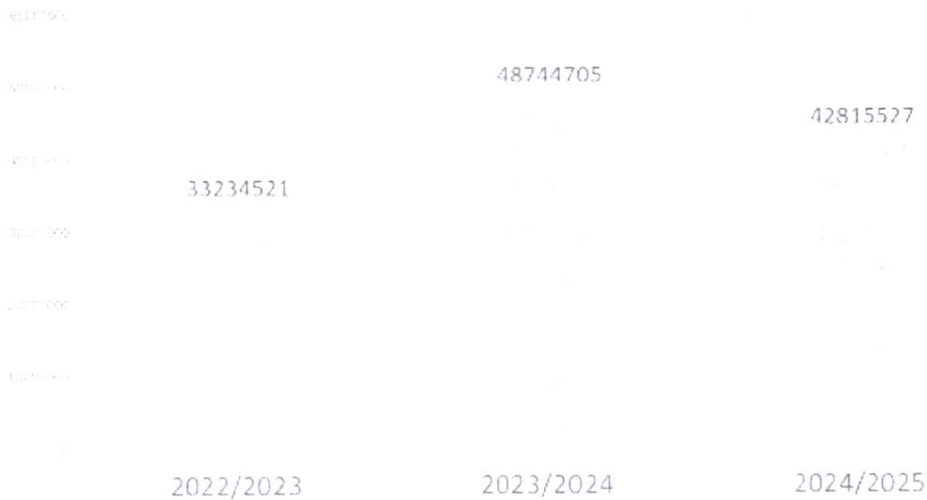
Monthly performance exhibited fluctuations, with September 2024 (**KES 7.18 million**), November 2024 (**KES 7.08 million**), and April2025 (**KES5.95million**) recording peak revenues, driven by strong NHIF and SHA collections. In contrast , January 2025 reflected the lowest income at **KES 1.79 million**, attributed to reduced NHIF inflows.

The consistency of MPESA collections, averaging over **KES 1 million monthly**, provided financial stability. Minet, though modest at **KES 134,300**, supplemented other streams. Overall, the hospital’s revenue performance demonstrates resilience, a broadening payer mix, and a strong reliance on digital payments, positioning the institution for sustained financial growth and service expansion.



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REVENUE COLLECTION



In the financial year 2022/2023, the hospital realized revenues of Kshs 33.2 million, representing a 50% growth from the previous year, largely driven by increased NHIF clients following the suspension of capitation at neighbouring level 6 Hospital. Revenue rose further in 2023/2024 to Kshs 48.7million ,a 46% increase attributed to expanded NHIF capitation and higher claims reimbursements. However, in 2024/2025, collections declined by 12% to Kshs 42.8 million, mainly due to reduced SHA capitation payments, delayed claims reimbursements, and lower MPESA collections as more patients transitioned to insurance-based coverage

10. Environmental And Sustainability Reporting

Othaya level 4 hospital exists to transform lives through provision of quality affordable equitable and accessible health care services. This is what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The hospital endeavour to optimize outpatient attendance for maximum utilization of health services. Efforts have been made to increase hospital bed turn over and high bed occupancy for better utilization of hospital resources that consequently lead to improved revenue collection. In this regard, clinical audits and quarterly data review is done for corrective measures.

Efforts have been made to optimize utilization of diagnostic services both medical and radio-logical to maximize revenue.

Customer satisfaction survey done to receive in put from clients on areas of improvement in service delivery.

Outreach activities are conducted especially in rehabilitative services to gain touch with clients.

ii) Environmental performance

The hospital adheres to infection prevention and control protocols. It has adopted minimization of medical waste generated. The waste is segregated at the point of generation using the right colour coded bins and bin liners. Proper personal protective equipment are used for handling, transportation and disposal. All waste is disposed according to the recommended procedures.

iii) Employee welfare

The hospital conducts continuous professional education for skills improvement. The staff are trained on short courses and recommendation made for staff to undertake farther training in their areas of specialization. Recommendation is made for re-designation of staff who have acquired higher qualifications.

Annual appraisal system has been adopted and staff are appraised on their performance. Staff are recognized for their good performance.

The hospital has put measures to frequently assess and improve the working environment for occupational safety in line with Occupational Safety and Health Act 2007.

iv) Market place practices-

a) Responsible competition practice.

The hospital has sensitized the hospital staff public officer's integrity and ethics, anti-corruption, principles of public service and professionalism in service delivery.

All procurement processes are done through competitive and in accordance with public procurement and disposal act 2022

b) Responsible Supply chain and supplier relations

The hospital adheres to terms of contracts entered into with contractors. It is committed to making payment for services rendered and goods received. Goods and services are procured for the available resources.

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

The hospital undertakes verification through inspection of products purchased for conformity the standards and specifications provided. Comparative information is sought on pricing of goods and services through market surveys.

v) Corporate Social Responsibility/Community Engagements

The hospital undertook community outreaches and seconded staff to participate in 16 medical camps held during the year.

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11. 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 hospital's affairs.

Principal activities

The principal activities of the entity are;

1. To provide preventive promotive curative and rehabilitative services
2. To serve as a hub for the Nyeri south primary care network
3. To provide palliative care services including home based services
4. To offer youth friendly services

Results

The results of the entity for the year ended June 30th 2025 are set out on pages 1 to 5

Board of Management

The members of the Board who served during the year are shown on page v. During the year, 1 board member retired, and 1 board member was appointed with effect from 1st April 2025.

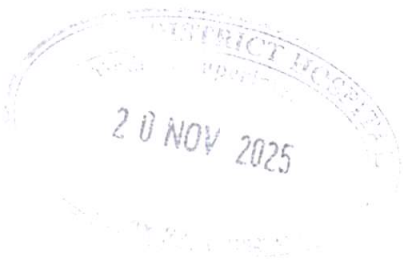
Auditors

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

By Order of the Board



.....
Name: Dr. George Kiongo Maina
Secretary to the Board



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12. 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 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 Othaya sub county hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2025, and of the hospital 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 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 hospital will not remain a going concern for atleast 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 25-8-2025 and signed on its behalf by:


Name: Robin M Ndegwa
Chairperson
Board of Management


Name: Dr. George Kiongo Maina
Accounting Officer



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Othaya Sub-County Level IV Hospital - County Government of Nyeri set out on pages 1 to 20, which comprise of the statement of financial performance for the year ended 30 June, 2025, statement of financial position as at 30 June, 2025 and the statement of changes in net assets,

Report of the Auditor-General on Othaya Sub-County Level IV Hospital for the year ended 30 June, 2025 – County Government of Nyeri

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 Othaya Sub-County Level IV Hospital – County Government of Nyeri as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Errors and Inaccuracies in the Annual Reports and Financial Statements

The annual reports and financial statements prepared and presented for audit had the following anomalies.

- i. The report of the Medical Superintendent on page ix under financial performance report indicates that that in the financial year 2023/2024 the Hospital collected Kshs.48.744,705 million while in 2024/2025 total revenue collected was 42,815,205 million, leading to a revenue shortfall of kshs5.9 million.
- ii. The statement of changes in net assets for the year ended 30 June, 2025 reflect a capital fund balance of Kshs.173,915. However, the amount excludes Kshs.698,462 actual capital expenditure as reported in the statement of comparison of budget and actual amounts on page 5.
- iii. An analysis of the approved budget by the Hospital Board revealed that revenue for the financial year 2024/2025 was approved at Kshs.40,531,867. However, this amount differs from the revenue amount disclosed in the statement of comparison of budget and actual amounts of Kshs.41,340,875 resulting to unexplained variance of Kshs.809,008.

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

2. Undisclosed Employee Costs

The statement of financial performance reflects employee costs amounting to Kshs.3,560,244 for casual and contractual staff, as disclosed in Note 10 to the financial statements. The audit noted that the Hospital received services from medical personnel employed and remunerated by the County Executive. However, the related expenditure was not disclosed in the financial statements, and the payroll records for both the Hospital and County-paid staff were not availed for audit verification.

In the circumstances, the accuracy and completeness of the reported employee costs of Kshs.3,560,244 could not be confirmed.

3. Inaccuracies in Non-Current Assets

The statement of financial position and Notes 19 and 20 to the financial statements reflects non-current assets valued at Kshs.2,963,169 as at 30 June, 2025. However, examination of records revealed that the Hospital maintained an incomplete asset register, which could not be reconciled to the amounts reported in the financial statements. The register also lacked key information necessary for proper asset management and verification, including details such as asset description, unique identification number, location, acquisition date, cost, condition, custodian, and current status as either active, disposed, or obsolete. Further, the register did not provide a breakdown of assets by department to facilitate accountability. In addition, review of the asset register provided revealed that ownership documentation for the listed assets was not available.

In the circumstances, the validity, accuracy, completeness ownership and valuation of the amount of Kshs.2,963,169 of non-current assts could not be confirmed.

4. Un-Supported Rendering of Services-Medical Services Income

The statement of financial performance for the year ended 30 June, 2025 reflects Kshs.41,340,875 in respect of rendering of services-medical services income as disclosed in Note 8 to the financial statements. However, the following observations were made.

- i. The amount was collected using the Hospital's revenue system whose account number, cash book(s), and bank/Mpesa statements, bank reconciliation statements and certificates of confirmation of balances were not availed for audit.
- ii. In addition, it was noted that the Medical Superintendent and the Hospital Administrator were not the mandatory signatories of the revenue bank Account contrary to Section 20 subsection 3 of the Facilities Improvement Financing Act, 2023.

In the circumstances, the accuracy, validity and completeness of the Kshs.41,340,875 amount of rendering of services-medical services income could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Issues

Review of prior year audit certificate revealed that several matters were raised under financial statements, statement of lawfulness and effectiveness in use of public resources. Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved.

S/No.	Financial Year	Prior year audit issue
1	2024/2025	Unsupported Property, Plant and Equipment Balance
2	2024/2025	Unresolved Prior Year Matters
3	2024/2025	Employees on Long Periods of Casual Employment
4	2024/2025	Deficiencies in implementation of Universal Health Coverage

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. Non-Compliance with Data Controller Registration Requirements

The audit noted that in the financial year under review, the Management of the Hospital processed medical records and payment of causals for which information was collected from the payees/ medical records. However, Management did not have a certificate of registration as a data controller from the Office of the Data Protection Commissioner (ODPC), as required under Section 18 of the Data Protection Act, 2019. Further, no application for registration had been submitted, and no evidence was provided to confirm compliance with statutory registration requirements. This is contrary to Section 18 of the Data Protection Act, 2019 and Regulation 4 of the Data Protection (Registration of Data Controllers and Data Processors) Regulations, 2021 require any person, agency, or organization that determines the purpose and means of processing personal data to register with ODPC prior to commencing such processing.

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

2. Failure to Remit Medical Services Claims by the Social Health Authority (SHA)

The statement of financial position as at 30 June, 2025 reflects receivables from exchange transactions balance of Kshs.2,930,400. The balance relates to accrued SHA claims which had not been received as at the time of audit. This is contrary to Section 36(1) of the Social Health Insurance Act, 2023 states that, the Authority shall make payments to a contracted healthcare provider or healthcare facility upon submission of a claim by the Claims Management Office.

In the circumstances, failure to remit funds affected planned activities for the Hospital and may have negatively impacted on service delivery to the public.

3. Failure to Adhere to the Effectiveness of Implementation of Audit Recommendations

It was noted that issues highlighted in the previous audit report remain unresolved and have persistently recurred in the succeeding years. These include failure to update fixed asset register, doubtful ownership of plant and equipment, failure to automate hospital pharmacy, failure to prepare quarterly revenue reports, budget underperformance and inadequate UHC facilities as per Kenya quality model for level 4. This is contrary to Section 31(1) (a) of the Public Audit Act, 2015 states that within three months after Parliament or the County has debated and considered the final report of the Auditor General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit.

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

4. Non-Compliance with Kenya Quality Model for Health Policy Guidelines 2014-2030

During the year under review, it was noted that the Hospital did not comply with Kenya Quality Model for Health Policy Guidelines 2014-2030.

Summary of the deficiencies includes:

- i. The Hospital does not maintain an updated record of all staff
- ii. The Hospital has not implemented staff performance appraisal
- iii. The Facility does not have a staff motivation programme
- iv. The Hospital does not have the required infrastructure and equipment for a level 4 facility (**Appendix I**)
- v. The Hospital is not adequately staffed as per the human resources establishment for health norms and standards (**Appendix II**)

In the circumstances, the Hospital's ability to provide quality and timely healthcare services expected of a Level 4 facility to the public may be compromised.

5. Non-Compliance with Capacity Building Levy, 2023

During the year under review, the Management of the Hospital entered into contract worth Kshs.17, 985,183 with various suppliers. However, the Hospital failed to recover and remit the capacity building levy to Public Procurement Regulatory Authority contrary to Paragraph 3. (1) of The Public Procurement Capacity Building Levy order, 2023 which provides that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

6. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital

Review of revenue records revealed that the Hospital collected a total of Kshs.41,380,875 towards the health facilities improvement which include a total of Kshs. 41,380,875 that was transferred to County Revenue Fund. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate facility improvement financing account.

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 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. Ineffective Management and Storage of Drugs

Audit verification of the pharmacy store at the Hospital carried out in the month of October, 2025 revealed that expired drugs of unknown value were yet to be disposed of, posing environmental and health risks due to the decomposition of chemical components. Further, the Hospital lacked an electronic system, processes, and procedures for maintaining drug inventories. The manual bin card records in use were found to be incomplete, making the tracking, movement, and monitoring of drug conditions ineffective. Further, drugs were stored in unventilated area, which could lead to moisture build-up, resulting in mold, mildew, and degradation of packaging. This is contrary to Section 79(2)(c) of the Public Finance Management Act, 2012 which requires a public officer within his area of responsibility to ensure that adequate arrangements are made for the proper use, custody, safeguarding and maintenance of public property including application of best office to prevent any damage from being done to the financial interest of the County Government.

In the circumstances, the effectiveness of the drugs management control system at the Hospital could not be confirmed.

2. Lack of Data Protection Policy

The audit revealed that the Hospital did not have a formally documented Data Protection Policy. In addition, there were no internal guidelines or documented procedures outlining how personal data was collected, processed, stored, or shared. This is contrary Regulation 23(1) of the Data Protection Regulations, 2021, which states that a data controller or data processor shall develop, publish and regularly update a policy reflecting their personal data handling practices. In addition, Section 29 of the Data Protection Act, 2019 requires data controllers and processors to implement appropriate technical and organizational measures to ensure the protection of personal data. This includes the development of internal policies that govern data collection, processing, storage, sharing, and disposal. The Data Protection (Compliance Audit) Regulations, 2024 further emphasize the need for documented policies as part of a compliance framework.

In the absence of a documented policy, the entity is exposed to the risk of non-compliance with data protection requirements and potential misuse or mishandling of personal data.

3. Weaknesses in Inventory Management and Stock Control

The statement of financial position as at 30 June, 2025 discloses inventories amounting to Kshs.9,362,058, as detailed in Note 18 to the financial statements. However, the audit identified several weaknesses in the management of inventories as follows;

- i. The Hospital does not have an inventory management system. As a result, opening and closing stock balances from the previous financial year were not included in the schedules provided for audit review. This omission made it difficult to track the movement and consumption trends of inventory items, particularly food, consumables, and laboratory supplies. In addition, the absence of bin cards for the mentioned items, further limited the ability to verify stock levels and monitor usage effectively.
- ii. The stock count was conducted by the Procurement Officer, who is also responsible for the custody and issuance of inventory items. This contravenes the principles of segregation of duties as outlined under Regulation 104(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires that stock-taking be performed by officers independent of those responsible for custody or record-keeping.

This is contrary to Section 162 (2) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer and (3) which states that the accounting officer of a procuring entity may employ inventory management and control software to assist it meet the objectives of sound supply chain management.

In the circumstances, the existence and effectiveness of an inventory management system could not be confirmed.

4. Lack of a Risk and Fraud Management Policy

The audit noted that the Hospital does not have a risk management policy to enable it identify, assess, and manage risks unique to its operations as a healthcare institution. In addition, it was noted that the Hospital does not have a fraud management policy to guide management and the Board in preventing, detecting, and responding to instances of fraud or falsification of records. The absence of such a policy exposes the Hospital to increased risk of financial loss, reputational damage, and weak internal control over financial reporting. This is contrary to Section 165 (1) of the Public Finance Management (County Governments) Regulations, 2015 provides that the Accounting Officer shall ensure that the county government entity develops a risk management strategy, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, the ability of the Hospital to deal adequately and respond to risks and frauds could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

16 December, 2025

APPENDICES

APPENDIX I

Kenya Quality Model for Health Policy Guidelines 2014-2030			
Required Infrastructure and Equipment for A Level 4 Facility			
Infrastructure or Equipment	Level 4	Number in Hospital	Variance
Caesarian sections	2	0	2
Neonatal Unit-newborn Unit	5	0	5
Renal Unit	1	0	1
MRI Machine	1	0	1
CT Scan	1	0	1
Ophthalmology Unit	1	0	1
Endoscopy, Laparoscopy, Colonoscopy	3	0	3
Mammogram	1	0	1
Dental X ray	1	0	1
Ventilators	1	0	1
Minor Theatre	2	0	2
Operation Theatre	2	0	2
Mortuary (Mandatory)	1	0	1
Beds (All Wards)	150	66	84
Functional Resuscitative	3	0	3
Functional ICUs	6	0	6
Functional HDUs	6	0	6
Accident and Emergency Department	1	0	1

APPENDIX II

Kenya Quality Model for Health Policy Guidelines 2014-2030			
The Human Resources Establishment for Health Norms and Standards			
Staff Requirements	Level 4	Number in Hospital	Variance
Medical Officers	16	3	12
Anesthesiologists	2	0	2
General Surgeons	2	0	2
Orthopedic Surgeon	1	0	1
ENT Surgeon	1	0	1
Gynecologists	2	0	2
Pediatricians	2	1	1
Neo Natalist	1	0	1
Radiologists	1	0	1
Nephrologist	1	0	1
Psychiatrists	2	0	2
Registered Community Health Nurses	75	1	73
Registered Nurses	10	0	10

Othaya Subcounty Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	650,100
In-kind contributions from the County Government	7	10,345,562	15,094,385
Revenue from exchange transactions			
Rendering of services-Medical Service Income	8	41,340,875	33,918,585
Rendering of services- Receivables	17	2,930,400	3,370,598
Total revenue		54,616,837	53,033,668
Expenses			
In-kind contributions from the County Government	7	10,345,562	15,094,385
Medical/Clinical costs	9	17,985,183	14,304,928
Employee costs	10	3,560,244	2,520,683
Board of Management Expenses	11	157,500	422,000
Depreciation	12	874,568	693,717
Repairs and maintenance	13	3,617,755	2,008,362
General expenses	14	13,708,994	11,655,842
Total expenses		50,249,806	46,699,917
Net Surplus for the year		4,367,031	6,333,751

The notes set out on pages 6 to 18 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 25-8-2025 and signed on its behalf by:


.....

Chairman
Board of Management


.....

Head of Finance
ICPAK No: 1366


.....

Medical Superintendent


20 NOV 2025

Othaya Subcounty Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June

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

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	9,003,202	7,390,464
Receivables from exchange transactions	17	2,930,400	3,370,598
Inventories	18	9,362,058	6,040,785
Total Current Assets		21,295,660	16,801,847
Non-current assets			
Property, Plant and Equipment	19	2,947,169	3,121,276
Intangible assets	20	16,000	18,000
Total Non-current Assets		2,963,169	3,139,276
Total assets		24,258,829	19,941,123
Current liabilities			
Trade and other payables	21	1,383,175	1,432,500
Total Current Liabilities		-	-
Total Liabilities		1,383,175	1,432,500
Net assets		22,875,654	18,508,623
Revaluation reserve			
Accumulated surplus		22,701,739	18,334,708
Capital Fund		173,915	173,915
Total Net Assets and Liabilities		22,875,654	18,508,623

The notes on pages 6 to 18 form an integral part of the Annual Financial Statements.


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


.....

Chairman
Board of Management


.....

Head of Finance
ICPAK No: 11866


.....

Medical Superintendent



Othaya Subcounty Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June

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

Description	Revaluation reserve	Accumulated surplus	Capital	Total
			Fund	
As at July 1, 2023	-			-
Revaluation gain	-	-	-	-
Surplus for the year	-	18,334,708	-	18,334,708
Capital/Development grants	-	-	173,915	173,915
As at June 30, 2024	-	18,334,708	173,915	18,508,623
At July 1, 2024	-	18,334,708	173,915	18,508,623
Revaluation gain	-	-	-	-
Surplus for the year	-	4,367,031	-	4,367,031
Capital/Development grants	-	-	-	-
At June 30, 2025	-	22,701,739	173,915	22,875,654

Othaya Subcounty Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	-	650,100
Rendering of services-Medical Service Income	8	41,340,875	33,918,585
Total Receipts		41,340,875	34,568,685
Payments			
Medical/Clinical costs	9	17,985,183	14,304,928
Employee costs	10	3,560,244	2,520,683
Board of Management Expenses	11	157,500	422,000
Repairs and maintenance	13	3,617,755	2,008,362
General expenses	14	13,708,994	11,655,842
Total Payments		39,029,675	30,911,815
Net cash flows from operating activities		2,311,200	3,656,870
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets	19	-698,462	-977,000
Proceeds from the sale of property, plant, and equipment			-
Acquisition of investments			-
Net cash flows used in investing activities			-
Cash flows from financing activities			
Proceeds from borrowings			-
Capital grants received			-
Net cash flows used in financing activities			-
Net increase in cash and cash equivalents		1,612,737	2,679,870
Cash and cash equivalents as at 1 July 2024	15	7,390,464	4,710,594
Cash and cash equivalents as at 30 June 2025	15	9,003,202	7,390,464

Othaya Subcounty Hospital (Nyeri County Government)
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18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 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	2,703,339		2,703,339	2,703,339		100%
Receipts						
Rendering of services- Medical Service Income	38,637,536	-	38,637,536	38,637,536		100%
Total receipts	41,340,875		41,340,875	41,340,875		100 %
Payments						
Medical/Clinical costs	19,512,583	-	19,512,583	17,985,183	1,527,400	91%
Employee costs	3,563,000	-	3,563,000	3,560,244	2,756	100%
Remuneration of directors	180,000	-	180,000	157,500	22,500	79%
Repairs and maintenance	3,672,804	-	3,672,804	3,617,755	55,049	97%
General expenses	13,712,488	-	13,712,488	13,708,994	3,494	99%
Total Operational Expenditure paid	40,640,875	-	40,640,875	39,029,676	1,611,199	
Capital Expenditure paid	700,000	-	700,000	698,462	1,538	100%
Surplus		-		1,612,737		4%

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,612,737
1.	Reason for differences	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,612,737

19. Notes to the Financial Statements

1. General Information

Othaya Sub-County Hospital is a level (4) hospital established under gazette notice number Vol. CX-No. 65 dated 8th August 2008 and domiciled in Nyeri County under the Health Department. The hospital is governed by a Board of Management. The principal activity/mission/ mandate of the hospital is to provide preventive and curative health 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 accounting policies. 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 none and amended standards issued in the financial year.

The hospital did not early-adopt any new or amended standards in the financial year 2024/2025.

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.

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 17th June 2024. 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. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classifications schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section 18 of these financial statements.

c. Taxes

Sales tax/Value Added Tax

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

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

d. Investment property

The hospital did not hold any investment property in the financial year 2024/2025.

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.

f. Intangible assets

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

g. 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 assets of 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.

h. Financial instruments

IPSAS41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one 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 a mortised 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 cash flows 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. Again 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.

Financial liabilities

Classification

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

i. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. Nature and purpose of reserves

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

o. 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.

p. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its casual employees. 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 employees. The contributions and lump sum payments reduce the post-employment benefit obligation.

q. 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 hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

r. Service concession arrangements

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

s. 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.

t. Comparative figures

No comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

u. 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 xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from the County Government

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Description	FY2024/2025	FY2022/2023
	Kshs.	Kshs.
Unconditional grants		
Operational grant	-	650,100
Total government grants and subsidies	0	650,100

6b 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
NyeriCountyGovernment	-		-	-	650,100
Total	-		-	-	650,100

7. In Kind Contributions from The County Government

Description	30thJune25	30thJune24
	KShs	KShs
Salaries and wages		1,249,371
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	10,345,562	12,630,102
Utility bills		1,214,912
Total grants in kind	10,345,562	15,094,385

8. Rendering of Services-Medical Service Income

Description:	30thJune2025	30thJune2024
	Kshs	Kshs
Revenue from medical services	9,750,473	8,243,296
Revenue from medical services	8,328,470	3,943,441
Revenue from medical services	11,196,414	8,049,438
Revenue from medical services	5,876,231	9,257,122
Revenue from medical services	6,189,287	4,425,287
Total Rendering of Medical Services Income	41,340,875	33,918,584

9. Medical/Clinical Costs

Description	30thJune25	30thJune24
	Kshs	Kshs
Dental costs/materials	436,400	171,520
Laboratory chemicals and reagents	2,880,135	2,664,973
Food and Ration	4,189,895	3,985,888
Dressing and Non-Pharmaceuticals	2,420,376	1,741,565
Pharmaceutical supplies	2,878,110	2,111,525
Health information stationery	2,340,915	2,124,010
Sanitary and cleansing Materials	1,258,365	1,094,105

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Purchase of Medical gases	990,362	136,800
X-Ray/Radiology supplies	590,625	274,542
Total medical/clinical costs	17,985,183	14,304,928

10. Employee Costs

Description	30th June 25	30th June 24
	Kshs	Kshs
Salaries, wages, and allowances	3,557,144	2,510,183
Other employee costs-Temporary works	3,100	10,500
Employee costs	3,560,244	2,520,683

11. Board of Management Expenses

Description	30th June 25	30th June 24
	Kshs	Kshs
Sitting allowance	151,500	115,000
Mileage	6,000	-
Induction and training	0	307,000
Total	157,500	422,000

12. Depreciation and Amortization Expense

Description	30th June 25	30th June 24
	Kshs	Kshs
Property, plant and equipment	872,568	691,717
Intangible assets	2,000	2,000
Total depreciation and amortization	874,568	693,717

13. Repairs And Maintenance

Description	30th June 25	30th June 24
	Kshs	Kshs
Property-Buildings	591,760	694,137
Medical equipment	882,000	379,800
Furniture and fittings	37,400	30,000
Computers and accessories	253,745	477,225
Motor vehicle expenses	556,750	205,300
Maintenance of civil works	1,296,100	221,900
Total repairs and maintenance	3,617,755	2,008,362

14. General Expenses

Description	30th June 25	30th June 24
	Kshs	Kshs
Catering expenses	987,660	944,695
Safety gear	58,295	59,450
Insecticides and rodenticides	88,950	72,950
Computer accessories	479,700	498,200
Bank charges	26,498	34,570

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Household items	194,900	89,349
Contracted services	1,972,608	1,667,904
Electricity expenses	1,460,017	1,337,800
Fuel and Lubricants	1,799,745	2,299,333
Other fuel	1,184,890	1,084,350
Conference and Seminars	284,700	-
Travel and accommodation allowance	1,695,540	1,057,320
Courier and postal services	11,593	1,372
General office stationery	644,460	709,126
Purchase of staff uniforms	234,400	6,450
Beddings and linen-curtains	299,816	200,000
Water and sewerage costs	1,637,922	1,009,693
Telephone and mobile phone services	220,000	213,500
Internet expenses	-	52,500
Workshop tools and other small equipment	59,220	77,150
Purchase of ICT and networking equipment	78,530	20,000
Lighting equipment bulbs, sockets, cables	289,550	220,130
Total General Expenses	13,708,994	11,655,842

15. Cash And Cash Equivalents

Description	30th June 25	30th June 24
	KShs	KShs
Current accounts	9,003,202	7,390,464
Total cash and cash equivalents	9,003,202	7,390,464

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account Number	Kshs	Kshs
Current account			
Co-operative Bank	1141509888200	9,003,202	7,390,464
Grand total		9,003,202	7,390,464

17. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	2,930,400	3,370,598
Total receivables	2,930,400	3,370,598

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
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Othaya Subcounty Hospital (Nyeri County Government)
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	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	2,930,400	100%	2,043,770	61%
Between 1-2 years		%	1,326,828	39%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total(a+b)	2,930,400	100%	3,370,598	100%

18. Inventories

Description	30th June 25	30th June 24
	KShs	KShs
Pharmaceutical supplies	3,585,488	1,899,350
Laboratory	2,270,733	2,026,910
Radiology	-	-
Non pharmaceutical supplies	3,413,143	1,901,033
Food supplies	92,694	213,492
Less: provision for impairment of stocks	-	-
Total	9,362,058	6,040,785

Detailed disclosure on inventories

	Insert Current FY	Insert Comparative FY
Opening balance	6,040,785	905,031
Additional Inventory in the year	30,978,566	29,625,045
Inventory expensed in the year	27,657,293	24,489,291
Write-downs in the year	-	-
Others specify	-	-
Closing balance	9,362,058	6,040,785

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19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2023	-	-	-	45,000	549,000	2,800,000	-	3,394,000
Additions	-	339,000	-	118,000	200,000	300,000	-	957,000
Disposals								-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 th Jun 2024	-	339,000	-	163,000	749,900	3,100,000	-	4,351,900
At 1 July 2024	-	339,000	-	163,000	749,900	3,100,000	-	4,351,900
Additions	-	-	-	249,380	449,082	0	0	
Disposals								
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 th Jun 2025	-	339,000	-	412,380	1,198,982	3,100,000	-	5,050,362
Depreciation and impairment		0.1	0.25	0.125	0.3333	0.125		1
At 1 July 2023		0	-	0	0	0		0
Depreciation for the year			-	5,625	183,282	350,000	-	538,907
Disposals								-
Impairment								-
At 30 June 2024	-	33,900	-	26,000	433,224	737,500	-	1,230,624
At July 2024	-	33,900	-	26,000	433,224	737,500	-	1,230,624
Depreciation:		33,900		51,548	399,621	387,500		872,568
Disposals								-
Impairment								-
Transfer/adjustment		-	-	-	-	-	-	-
At 30 th June 2025		67,800	-	77,548	832,845	1,125,000	-	2,103,192
Netbookvalues								
At 30 th Jun 2024	-	305,100	-	137,000	316,676	2,362,500	-	3,121,276
At 30 th Jun 2025	-	271,200	-	334,832	366,137	1,975,000	-	2,947,169

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20. Intangible Assets-Software

Description	FY2024/2025	FY2023/2024
Cost		
At beginning of the year	20,000	-
Additions	0	20,000
Additions-Internal development	-	-
Disposal		
At the end of the year	20,000	20,000
Amortization and impairment		
At beginning of the year	2,000	-
Amortization for the period	2,000	2,000
Impairment loss	-	-
At the end of the year	4,000	2,000
NBV	16,000	18,000

21. Trade and other Payables

Description	2023/2024		2022/2023	
	KShs		KShs	
Trade payables	1,383,175		1,432,500	
Employee dues	-		-	
Third-party payments(e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	1,383,175		1,432,500	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	1,383,175	100%	1,432,500	100%
1-2years	-	%	-	%
2-3years	-	%	-	%
Over 3 years	-	%	-	%
Total	1,383,175	100%	1,432,500	100%

22. 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

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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.

The customers under the fully performing category are paying her debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognized 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 insurances. 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.

(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 optimizing 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.

b) Interest rate risk

Interest rate risk is the risk that the hospital's financial condition may be adversely affected as a result of changes in interest rate levels. However, the hospital did not face material interest rate risk during the financial year 2024/2025.

Sensitivity analysis

The hospital analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The hospital did not carry out a sensitivity analysis in the year under review.

iv) Capital Risk Management

The objective of the hospital's capital risk management is to safeguard the Hospital's ability to continue as a going concern. However, the hospital did not have any long term liabilities or significant capital balances in the year under review.

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23. Related Party Balances

Nature of related party relationships

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

Nery County Government is the principal shareholder of the hospital, holding 100% of the hospital's equity interest. Other related parties include:

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

24. Segment Information

The hospital did not have any related segments during the financial year 2024/2025.

25. Contingent Liabilities

The hospital did not have any contingent liabilities during the financial year 2024/2025

26. Capital Commitments

The hospital did not have any capital commitments during the financial year 2024/2025

27. Events after the Reporting Period

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

28. Ultimate and Holding Entity

The entity is a level 4 hospital under the Department of Health Services. Its ultimate parent is the County Government of Nery.

29. Currency

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

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20. Appendices

Appendix 1: Progression 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)
1.	Failure to update Fixed assets Register	During the audit, the hospital had not concluded on the ownership and valuation of some of the property, plant and equipment's not procured by the hospital. The fixed asset Register has since been updated.	Resolved	
2.	Doubtful Ownership and no valuation of property, plant and equipment	During the audit, the hospital had not concluded on the ownership and valuation of some of the property, plant and equipment's not procured by the hospital. However, the hospital management is making consultations with the county Government of Nery on how to undertake valuation and obtain ownership documents to ensure that an updated Asset Register is in place and to enable accurate reporting of the hospital plant, property and equipment's in the upcoming reporting periods.	Not Resolved	
3.	Failure to automate the hospital Pharmacy	The County department of medical services and public health is in the process of acquiring a new health management system that will ensure that all services are automated.	Not Resolved	
4.	Failure to prepare Quarterly revenue reports	The facility has been preparing the revenue reports and submitting to the health service fund administrator. During the current Financial year, the facility has prepared and submitted the reports as required by law.	Resolved	
5.	Budget Underperformance	The hospital Annual budget is formulated from the total collections that the hospital anticipates to collect in twelve(12) months of that year i.e. from 1 st July to 30 th June. According to Nery Health Sector FIFA ct ,the Annual budget is further monitored through quarterly budgets where by the actual collections made by the hospital in the current quarter are the ones that form a budget for the next quarter but must be within the Approved Annual budget. The budget under absorption for FY2023/2024 is therefore attributed to the revenue collections made between the period of 16 th June 2024 – 30 th June 2024 which had to be subjected to the County Government of Nery Health Fund Regulation Act process of being transferred to the Health Fund account, before the hospital can receive back 77.6% of the total collection to utilize at the facility after the Health Department Fund Board has	Resolved	

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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)
		Sat and approved the proposed requisitions. The stated process then made it impossible for the hospital to utilize the collections of the mentioned period in the same financial leading to the budget under absorption.		
6.	Inadequacies in UHC as per the Kenya quality model for level 4 in terms of staffing, services and equipment	<p>The hospital depends on the County Government of Nery for posting and deployment of staff, and the County is continuously recruiting and training the required specialist to bridge the gap and improving the infrastructure of the hospital. The facility management is committed towards progressively realizing KQMH requirements and the following has been undertaken;</p> <ul style="list-style-type: none"> • Additional medical officer posted to the facility • Additional dental officer posted to the facility • Additional pharmacist posted to the facility • additional nurses posted to the facility • additional laboratory technologist posted to the facility • incubators received for the new born unit • Babycots procured for the new born unit. • Theatre planned for implementation in the current financial year. 	Not Resolved	

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Accounting Officer

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Appendix II: Projects Implemented by The Entity Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Oxygen Piping and manifold	1	AMREF	2024/2025	To completion		NO

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion %to date	Budget	Actual	Sources of funds
1	Conversion of maternity to operating Theatre	2,199,800		60%			county
2	Construction of outpatient block	3,758,031		73%			County
3	Renovation of Hospital Kitchen	1,033,455		100%			County

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....HEALTHSERVICESFUND.....

Name of Beneficiary entity.....OTHAYASUBCOUNTYHOSPITAL.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)

Reference Number	Date Disbursed	Recurrent(A)	Development(B)	Total (C)=(A+B)	Remarks
B240982		9,750,473		9,750,473	
B246803		8,328,470		8,328,470	
B248582		11,196,414		11,196,414	
B2487884		5,876,231		5,876,231	
B248920		6,189,287		6,189,287	
Total		41,340,875		41,340,875	

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.....Sign.....Date.....

Cord



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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		

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Appendix V: Disaster Expenditure Reporting Template

Program me	Sub-program me	Disast er Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expendit ure item	Amou nt (Kshs .)	Comme nts

