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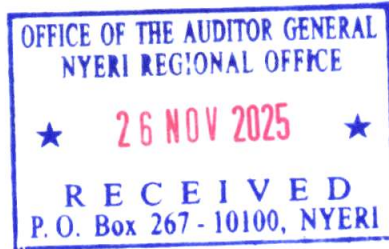
REPORT
OF
THE AUDITOR-GENERAL
ON
SAGANA SUB-COUNTY LEVEL 4 HOSPITAL
FOR THE YEAR ENDED
30 JUNE, 2025
COUNTY GOVERNMENT OF KIRINYAGA

PAPERS LAID	
DATE	17/02/2026
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COMMITTEE	—
CLERK AT THE TABLE	T. Henry

2025

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SAGANA SUB COUNTY LEVEL 4 HOSPITAL **(Kirinyaga County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
MPDSR	Maternal and Perinatal Death Surveillance Response
IPC	Infection and Prevention Committee
MTC	Medicine and Therapeutic Committee
CRF	County Revenue Fund
CHMT	County Health Management Team

2. Key Entity Information and Management

(a) Background information

Sagana Sub County Hospital is a level (4) hospital established under gazette notice number Vol.CXX-No.81 and is domiciled in Kirinyaga County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mission of the hospital is to provide quality, affordable, efficient and effective health care services. The vision of the hospital is to be a centre of excellence in high quality and affordable health care service delivery to all. The core values of the hospital are professionalism, dignity, respect, courtesy and accountability.

(c) Key Management

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

- County department of health
- Hospital Management Committee
- Hospital Management Team
- Accounting Officer/ Hospital Manager

(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:

1.	Hospital Manager	James Kahando Ndegwa
2.	Nursing Services Manager	Jane Nduta Muthee
3.	Head of HPTs	Dr. Onesmus Mutiso
4.	Clinical services in charge	Nancy Muthoni Kabeu
5.	Medical Social Worker	Grace Nyawira Nguti
6.	Health Records and Information officer	Sheila Mugure Wanjiku
7.	Public Health Officer	Stanley Mutugi Karuri
8.	Medical Laboratory Technologist	Esther Nyawira Karani
9.	Bio Medical Engineer	Francis Cuani Wanjohi

(e) Fiduciary Oversight Arrangements

- MPDSR committee
- IPC committee
- MTC committee

- Clinical audit committee
- County Assembly

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 24
Kerugoya
KENYA

(g) Entity Contacts

Telephone: (+254) 715036933
E-mail: saganasch@gmail.com

(h) Entity Bankers

Equity Bank
Branch: Kagio

KCB bank
Kerugoya Branch

(i) Independent Auditors

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





(j) Principal Legal Adviser

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





(k) County Attorney

P.O. Box. 260
Kutus, Kenya





3. The Board of Management

1.	 Chairperson	Daniel Munene Ngoru DOB: 1947 Qualifications: Professional Teacher, Theoragian and Bishop of ACK Kirinyaga Diocese. Work Experience: 55 years
2.	 Vice Chairperson Women representative	Mary Wambui Mbuthia DOB: 1984 Qualifications: Diploma in Early Childhood Development. Work Experience: 7 years as Computer Trainer at ASHCOM systems.
3.	 Business Representative	Beatrice Wanjiru Guthua DOB: 1982 Qualifications: Diploma in Human Resource Management Work Experience: 4 Years
4.		Paul Wanjohi Maina DOB: 1974 Qualifications: Diploma in Special Need Education (DSNE) Work Experience: 15 Years






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	PLWD representative	
5.	 Accounts Representative	Douglas Mwai Njurai DOB: 1989 Qualifications: Bachelors in Science Administration (Accounts option) Work Experience: 4 Years
6.	 Youth representative	Antony Maina Kibui. DOB: 2000 Qualifications: Bachelors of Science in Chemistry. Work Experience: 2 years as Marketing Manager and 1 year as a Chemistry Tutor.
7.	 Faith Representative	Rosemary Nyambura DOB: 1997 Qualifications: Diploma in Civil engineering Work Experience: 4 Years
8.	 Secretary	James Kahando Ndegwa Age: 1976 Qualifications: Diploma in Clinical Medicine and Surgery Work Experience: 25 years as a Clinical Officer, 2 years as a Hospital Manager

4. Key Management Team

Ref	Management	Details
1.	 Hospital Manager	James Kahando Ndegwa Age: 1976 Qualifications: Diploma in Clinical Medicine and Surgery Work Experience: 25 years as a Clinical Officer, 2 years as a Hospital Manager
2.	 Nurse Service Manager	Jane Nduta Muthee Degree in Nursing DOB: 03/09/1996 Experience: over 3 years in Nursing
3.	 Clinical Officer	Nancy Muthoni Kabeu Diploma in Clinical medicine and Surgery BA. Psychology (UoN)- 10yrs DOB: 09/03/1978 Experience: 21 years as a Clinical Officer.
4.	 Pharmacist	Dr. Onesmus Mutiso Bachelors Degree of Pharmacy DOB: 19/09/1983 Experience: 11 years as a pharmacist.

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5.	 Public Health Officer	Stanley Mutugi Karuri Diploma in Environmental Health Sciences DOB: 30/05/1989 Experience: 10 Years.
6.	 Medical Laboratory Technologist	Esther Nyawira Karani Diploma in Medical Laboratory Technology DOB: 08/05/1979 Experience: 18 Years.
7.	 Health Records and Information Officer	Sheila Mugure Wanjiku Bsc. in Health Records and Information Management DOB: 14/09/1990 Experience: 11 Years as a Health Records and Information Officer.
8.	 Medical Social Worker Officer	Grace Nyawira Nguti Diploma in Social Work DOB: 1984 Experience: 14 years
9.	 Medical Technician	Francis Cuani Wanjohi Certificate in Medical Engineering. DOB: 1988 Experience: 14 years

5. Chairman's Statement

It is both a privilege and a solemn responsibility for me to address you today in my capacity as the Chairperson of the Sagana Sub-County Hospital Committee. Our hospital stands as a cornerstone in promoting the health, safety, and overall wellbeing of the people we serve. As a committee, we carry the collective duty of safeguarding this institution and guiding it toward continuous improvement. Today, I am honoured to share the progress we have achieved this far, the milestones we are currently pursuing, as well as the challenges and opportunities that remain before us.

At the heart of our mission is the assurance of patient safety. A hospital should not only be a place of healing but also a sanctuary where patients and their families feel secure. With this in mind, one of our most urgent and immediate priorities has been the construction of a permanent perimeter fence around the hospital. This project is essential because it will strengthen the privacy of patients, safeguard the hospital environment, and foster a sense of security for everyone—patients, staff, and visitors alike. Security and safety are foundational to healthcare delivery, and we are determined to address this need comprehensively.

Equally significant is our ongoing Trauma Centre project, which is now about 70% complete. Once finalized, this centre will transform our capacity to respond to emergencies by providing specialized, life-saving care for critical cases. The trauma unit is not just an infrastructure project; it is a vital step toward strengthening our preparedness and response to accidents, injuries, and emergencies that too often claim lives in our community. With this centre in place, Sagana Sub-County Hospital will become better positioned to offer timely interventions, improve recovery rates, and save more lives.

We also recognize that healing is influenced not only by medical care but by the environment in which it takes place. A hospital that is well-kept, clean, and aesthetically appealing contributes positively to patient recovery and uplifts the morale of healthcare workers. For this reason, the committee has committed to improving landscaping within the hospital compound. By creating green, well-maintained spaces, we aim to provide a welcoming and serene environment that supports the physical and emotional wellbeing of everyone who passes through our gates.

On the financial front, I am pleased to report remarkable progress. Since assuming office, the committee has worked diligently to improve revenue collection systems. As a result, hospital revenue has increased substantially, growing from Ksh. 763,000 to a peak of Ksh. 1.17 million. This growth is not merely about numbers—it reflects the trust that the community has placed in our services and the dedication of our hospital team in providing quality healthcare. More importantly, these financial gains provide a stronger foundation for reinvestment into priority areas such as equipment, infrastructure, and service delivery expansion.

While we celebrate these gains, we are equally aware that much more remains to be done. Sagana Sub-County Hospital continues to face significant gaps in essential services. To provide comprehensive healthcare, it is critical that we expand our service delivery points. Our vision includes establishing a fully equipped dental unit, an X-ray department, ultrasound services, a male ward, and other key diagnostic and treatment facilities. At present, many patients are forced to travel long distances in search

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of these services, which adds financial strain and delays timely care. By bringing these services closer to the community, we will improve accessibility, reduce the burden on families, and elevate the quality of care we deliver.

As we look to the future, it is clear that our success cannot be achieved in isolation. The committee remains fully committed to working in close partnership with hospital management, healthcare workers, the local community, government agencies, and development partners. Sustainable progress requires collective effort, and we are determined to foster collaboration across all these groups. Together, we can pool resources, share expertise, and create innovative solutions to the challenges we face.

I want to reaffirm the committee's unwavering dedication to strengthening Sagana Sub-County Hospital as a centre of excellence in healthcare delivery. We remain focused on building an institution where every patient is treated with dignity, care, and compassion. From enhancing safety and emergency response, to improving the healing environment, to expanding services and ensuring financial stability—we are committed to continuous improvement.

The road ahead will not be without challenges, but with the support of all stakeholders and the collective will of the community, we are confident that Sagana Sub-County Hospital will continue to grow in capacity, efficiency, and impact. Together, let us remain steadfast in our mission to ensure that every individual who walks through our doors receives not just treatment, but the very best standard of care.



Bishop Daniel Munene Ngoru
Chairman,
Hospital Management Committee.

6. Report of The Hospital Manager

It gives us immense pride and satisfaction to recognize the exceptional leadership, commitment, and teamwork demonstrated at Sagana Sub-County Hospital. What we have witnessed over the past months is not only growth in infrastructure and service delivery but also renewed energy, efficiency, and a deepened sense of responsibility towards the health of our community.

For many years, development within Sagana Sub-County Hospital progressed at a gradual pace, with infrastructural gaps and limited-service capacity. However, in recent times, growth is seen. This report highlights the major strides we have made, the achievements that inspire confidence, and the opportunities we are embracing as we continue to position our facility as a center of excellence in healthcare.

Beyond physical structures, Sagana Sub-County Hospital has experienced remarkable growth in patient workload, both at outpatient and inpatient levels. This increase is not coincidental but rather the result of efficient management by the Hospital Management Team (HMT), and unwavering dedication by staff. Patients are increasingly choosing our facility because of the trust and confidence built through quality service and compassionate care.

Between March and June 2025, our financial performance also demonstrated impressive growth. Hospital revenue collection rose sharply, from Ksh. 763,000 to a peak of Ksh. 1.17 million in June. This growth reflects strengthened systems of accountability, efficient management of resources, and an enhanced reputation within the community.

Insurance utilization has equally improved. In the 2024/25 financial year, the hospital processed claims amounting to Ksh. 4.9 million, with Ksh. 3.1 million already reimbursed. This is a clear indicator of improved system efficiency, growing patient trust, and strengthened partnerships with insurance providers.

Revenue streams remain well diversified, with the Laboratory and Pharmacy departments consistently leading in collections, while other departments also contribute significantly. The hospital management continues to provide targeted support to lower-performing departments, ensuring that all units contribute to the overall revenue base.

The Facility Improvement Fund (FIF) has been instrumental in stabilizing the hospital's operations. Thanks to prudent financial management, the hospital has been able to settle bills and obligations on time, including casual wages, food and rations, electricity, water, and committee allowances. Timely settlement of expenses ensures smooth service delivery, minimizes operational disruptions, and enhances trust within the hospital system.

Recognizing the importance of comprehensive healthcare under one roof, the hospital is in the process of restoring essential services such as Dental Care, X-ray, and Ultrasound. The re-establishment of these services will not only reduce the burden on patients who previously had to seek care elsewhere but also attract both cash-paying and insured clients. This is expected to further boost Facility Improvement Fund (FIF) collections, strengthening the hospital's financial position and supporting reinvestment into patient care.

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The hospital environment has also undergone a noticeable transformation. Through a beautification and landscaping initiative, exotic grass and ornamental flowers are being planted around the compound. This initiative is aimed at creating a warm, welcoming, and therapeutic environment for patients, staff, and visitors. A well-maintained physical environment plays an important role in the healing process by uplifting patients' spirits and enhancing staff morale.

One of the most notable milestones is the construction of a modern Trauma centre, a project initiated by the Kenya National Highways Authority (KeNHA). As of today, the project stands at approximately 70% completion. When finalized, the facility is expected to host several critical wards, including the male medical ward. This will significantly expand our service capacity and enhance the hospital's ability to handle emergency and specialized cases effectively.

The Trauma Centre represents more than just a building; it is a statement of intent—an investment in life-saving interventions, modern healthcare delivery, and community trust. By centralizing critical services, the hospital will be better equipped to provide timely, coordinated care to patients who would otherwise need referral to distant facilities.

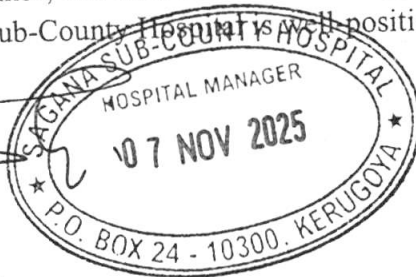
Beyond infrastructure and finances, Sagana Sub-County Hospital has made strides in fostering unity and nurturing compassion. One memorable highlight was the Prayer Breakfast, organized by the hospital committee. This gathering brought together staff, inpatients, and outpatients for a moment of reflection, spiritual nourishment, and community building. It served as a reminder that healthcare extends beyond medical treatment; it embodies compassion, humanity, and hope.

The hospital committee has continued to play a vital role as the link between the community and staff, strengthening dialogue and promoting inclusivity in hospital development. These achievements are the result of visionary leadership, teamwork, and unwavering dedication from both staff and management. As we look to the future, our commitment remains firm: to provide comprehensive, compassionate, and accessible healthcare to every patient who walks through our doors.

The journey ahead is filled with promise, and with the continued support of the community, government partners, and stakeholders, Sagana Sub-County Hospital is well positioned to scale even greater heights.



Mr. James Ndegwa
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Sagana Sub County level 4 Hospital has 8 strategic pillars within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

- Pillar 1: Health Infrastructure
- Pillar 2: Health Workforce
- Pillar 3: Health products and technologies
- Pillar 4: Health Information
- Pillar 5: Health Financing
- Pillar 6: Health Leadership and Guidance
- Pillar 7: Service Delivery System
- Pillar 8: Research and Development

Sagana Sub County Level 4 Hospital develops its annual work plans based on the above 8pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Sagana Sub County Level 4 Hospital achieved its performance targets set for the FY 2024/2025 period for its 8 pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: Health Infrastructure	To ensure functional and accessible health infrastructure	Timely payment of electricity bills	Monthly payment of electricity bills for the facility.	Kshs. 320,000 was used to pay electricity bills for the facility
		Timely payment of water bills	Monthly payment of water bills for the facility.	Kshs. 300,000 was used to pay water bills for the facility.
2: Health Workforce	To attract and retain motivated	Number of casual workers paid.	Monthly payment of 14 casual workers.	Kshs. 881,712 was used to pay 14 casual

	health workforce			workers for the facility.
3: Health Products and technologies	To ensure availability of tracer, essential medicine and medical supply.	Zero months stock outs of food supplies.	Procurement of patient food.	Kshs.3,701,520 was used to procure and pay patients food.
4: Health Information	To strengthen health management information services	Number of stationaries procured.	Procurement of stationaries	Kshs. 3,449,650 was used to procure and pay stationaries.
6: Health Leadership and Governance	To ensure well-coordinated and managed health services.	Functional hospital board	Quarterly hospital board committee held	Kshs.98,000 was used to pay committee allowance.

8. Corporate Governance Statement

The Hospital Management committee is appointed by the County Executive Committee Member for Health, approved by the Governor, and gazetted. The Hospital Management committee has 8 members with balanced gender representation and professional diversity. The committee provides strategic oversight, approves budgets and policies, ensures legal compliance, monitors service quality, and represents stakeholder interests. New members undergo structured induction covering governance principles, county health systems, financial oversight, and ethics. Continuous professional training is offered through workshops and seminars. On the other hand, annual performance evaluations are conducted to assess the effectiveness of the committee and contributions of individual members. The committee develops action plans during their meetings to track progress with implementation of various agreed upon tasks for continuous improvement.

In FY 2024/2025, the committee conducted 3 regular meetings and 1 special session. Attendance to committee meetings is verifiable through attendance records maintained at the hospital which helps review participation in meetings during evaluations. Additionally, for efficient and effective leadership and management, the hospital has a Succession Planning Policy to ensure continuity of leadership where potential successors for leadership and management roles are identified and mentored, with training programs in place for capacity building. The hospital also enforces a Conflict of Interest Policy that requires HMC members to make declaration of interests annually, at the beginning of each meeting and recuse oneself from decisions where conflict of interest exists.



Hospital management committee members are remunerated and paid allowances as per the **Salaries and Remuneration Commission (SRC)** guidelines. This includes sitting allowances, transport reimbursement, and other approved facilitation costs for official duties. Members operate under a Code of Conduct and Ethics aligned with the **Leadership and Integrity Act (2012)** and county government values. Members also commit to impartiality, transparency, and zero tolerance for corruption. Finally, the hospital has a Communication Policy that ensures timely, accurate, and consistent communication with internal and external stakeholders. Channels of communication include; internal memos, press releases, community forums, social media platforms, and an official County government website. Public participation is conducted in major policy decisions.

Signed:



Chairperson, Hospital Management Committee

Date: 17/11/2025

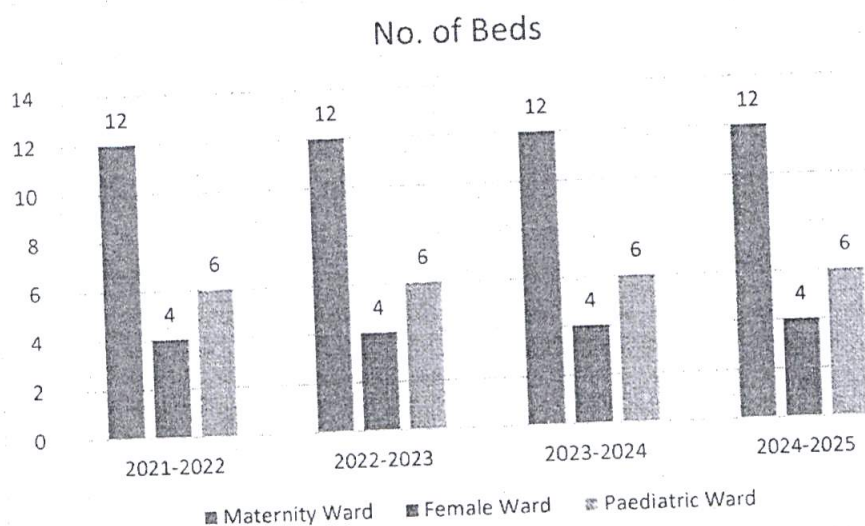
Hospital Manager 17 NOV 2025
Date: 17/11/2025

9. Management Discussion and Analysis

Bed Capacity

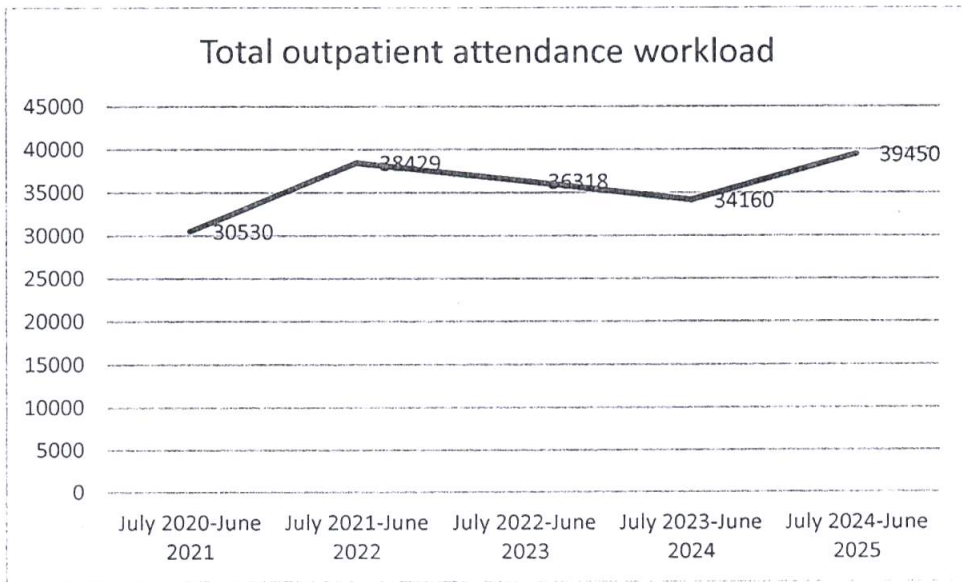
Sagana Sub-County Hospital has maintained a consistent bed capacity across its key inpatient wards over the past four financial years (2021–2022 to 2024–2025). The Maternity Ward has consistently had the largest number of beds at 12, while the Paediatric Ward has maintained 6 beds and the Female Ward 4 beds throughout the period.

The graph below illustrates bed capacity at the facility over the last four financial years.



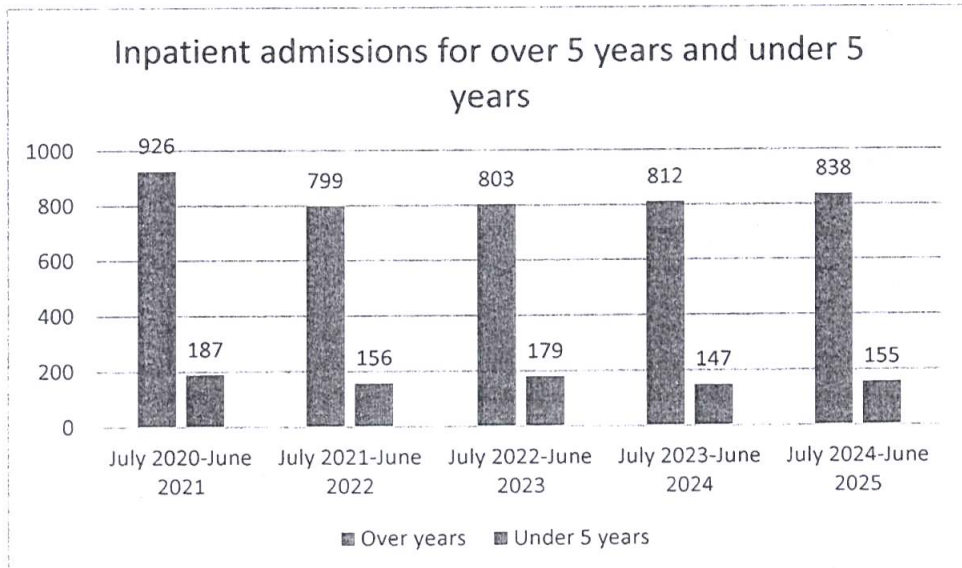
Outpatient workload attendance for Sagana Sub County Hospital

Outpatient workload at Sagana Sub-County Hospital has shown notable fluctuations over the five-year period. Attendance rose sharply from 30,530 in 2020–2021 to 38,429 in 2021–2022, followed by a gradual decline over the next two years. In 2024–2025, the hospital recorded its highest attendance at 39,450 visits.



Inpatient Admission report for Sagana Sub County Hospital

Over the last five years, Sagana Sub-County Hospital’s inpatient admissions have remained relatively stable, ranging from 799 to 926 total patients annually. Under-five admissions fluctuated between 147 and 187, with no consistent trend. While overall admissions show slight recovery since the 2021–2022 drop, paediatric numbers have varied year to year



Accident and emergency report

Sagana Sub County Hospital does not have an accident and emergency department; however, accident and emergency cases are handled within the general outpatient and inpatient framework. Referrals of most critical cases are done to Kerugoya County Referral Hospital for further management.

Remarkably, the upcoming trauma centre which is under construction is set to be a game changer in emergency medical care. Upon completion and operationalization, the trauma centre is projected to increase the hospital’s capacity to handle emergency cases and reduce emergency-related mortality rates.

Specialized clinics

Specialised services are expertise services that mostly are outpatient services. The facility offers the following specialised services;

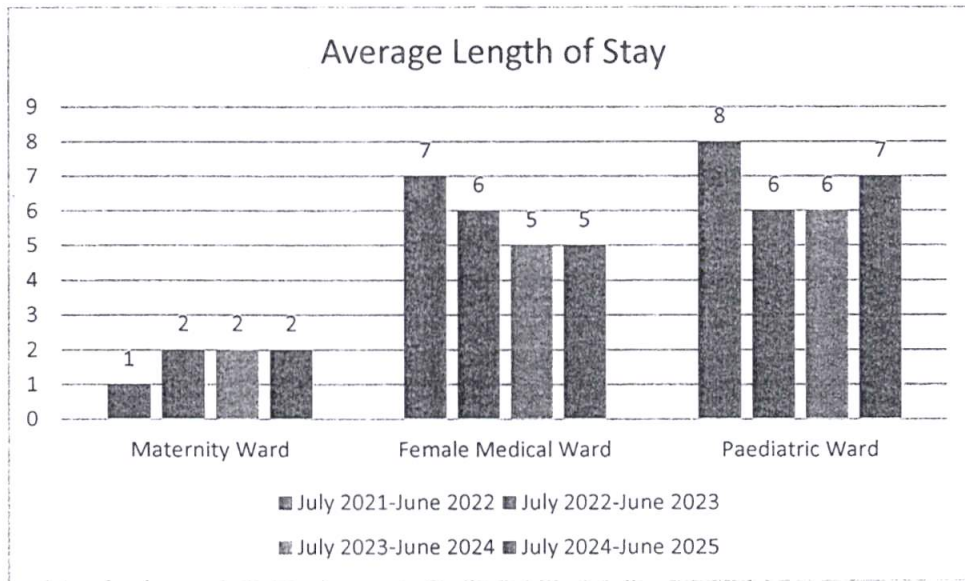
- TB Services
- Comprehensive Care Services
- Occupational Therapy
- Physiotherapy
- Medical Outpatient Clinics
- Nutrition Services

The table below shows the attendances of the above services.

Indicator	July 2021- June 2022	July 2022- June 2023	July 2023- June 2024	July 2024- June 2025
TB and Leprosy attendance	1037	999	1043	1255
Comprehensive Care Clinic (CCC)	3852	4087	3175	3326
Psychiatry Attendance	0	0	161	15
Orthopaedic Clinic Attendance	332	205	32	0
Occupational Therapy Attendance	381	496	1033	1102
Physiotherapy Attendance	1251	1435	1836	1765
Medical Attendance	619	666	820	833
Nutrition Clinic	0	106	439	2384

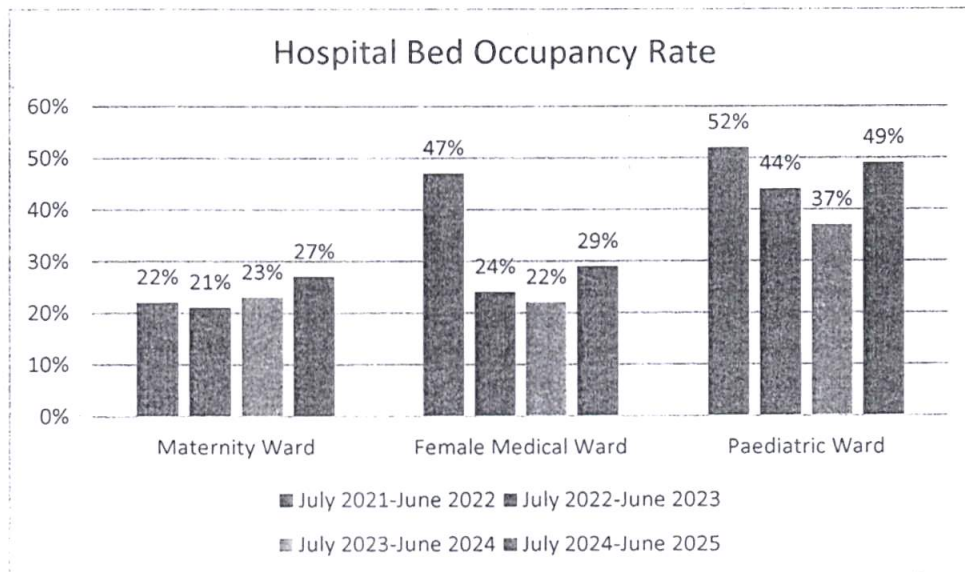
Average length of Stay

During the review period, ALOS varied by ward, with the Maternity Ward having the shortest stays (1–2 days), the Female Medical Ward averaging 5–7 days, and the Paediatric Ward the longest (6–8 days).



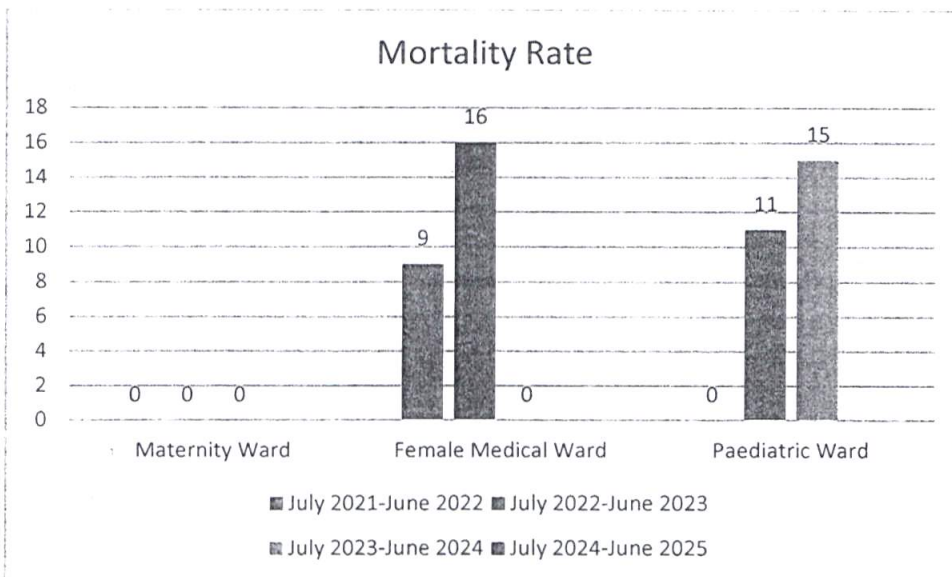
Bed Occupancy Rate

During the review period, the Maternity Ward had the lowest BOR (21–27%), the Female Medical Ward showed moderate variation (22–47%), and the Paediatric Ward the highest (37–52%)



Mortality Rate

The maternity ward consistently reported a zero mortality rate from July 2021 to June 2025. This shows effective maternal and newborn care practices, timely interventions during delivery, and strengthened referral linkages for high-risk pregnancies. In female ward, mortality was highest, with rates fluctuating significantly. From July 2021–June 2022, the ward recorded 9 deaths per 1,000 population, which increased sharply to 16 per 1,000 population in July 2022–June 2023. By July 2023–June 2025, the mortality rate dropped back to zero. In paediatric ward, mortality trends revealed a concerning upward shift. No deaths were recorded in July 2021–June 2022, but rates rose to 11 per 1,000 population in July 2022–June 2023 and further to 15 per 1,000 population in July 2023–June 2024. This is illustrated below.



Surgical Theatre Utilisation

Currently, Sagana Sub-County Hospital does not have an operational surgical theatre, and all surgical cases are referred to other facilities within the county. This arrangement ensures patients receive timely care but may lead to delays in emergency interventions due to transfer times.

With the ongoing construction of the Trauma Centre, which will include a fully equipped surgical theatre, the hospital anticipates a significant improvement in surgical service delivery.

Sponsorships and partnership

Sagana Sub-County Hospital continues to benefit from collaborations with various partners who support service delivery, infrastructure development, and capacity building. Key contributions during the reporting period include the ongoing construction of the Trauma Centre, funded in partnership with county government and development stakeholders.

Other partnerships such as LVCT have provided essential medical equipment, staff training, and community outreach programs aimed at improving health outcomes within the catchment area.

Financial performance that includes: -

1. Revenue sources

The hospital has the following revenue sources;

- Out of pocket payment
- Medical schemes such as BRITAM, MAKL insurances
- Social Health Authority

2. Utilisation of funds

The table below shows the amount used in different items during the review period.

Sno	Item	Amount (Kshs)
1	Casual Wages	881,712
2	Committee Allowances	98,000
3	Electricity	320,000
4	Food	3,701,520
5	Health Records	3,449,650
6	Water	300,000
	Totals	8,750,882

10. Environmental And Sustainability Reporting

Sustainability strategy and profile

Sagana Sub-County Hospital has strengthened its sustainability through daily staff micro-teachings to the patients, community health promoter engagement to extend health education and preventive care into the community and digitalization of the finance system to limit revenue leakages. Maximizing reimbursement claims and encouraging patient registration with the Social Health Authority have improved financial stability and patient access to care.

These efforts have resulted in improved service quality, improved financial accountability and stronger community linkages. Sustainability priorities are influenced by national health policy changes such as the roll out of the Social Health Authority which directly affects patient coverage and reimbursement systems. The rising operational costs for essentials like electricity, food and medical supplies place pressure on budgets and require more efficient resource utilization.

There is good political goodwill from both the county and national government as evidenced by support for the ongoing Trauma Centre project.

Environmental performance

Sagana Sub County Hospital has put in place several interventions to reduce its environmental footprint and promote safe and sustainable health service delivery. These include availability of PPEs. The staff responsible for waste handling are equipped with adequate Personal Protective Equipment (PPEs) such as gloves, boots and masks. This ensures their safety while handling hazardous and non-hazardous waste. Disinfectants and other cleansing materials are available to ensure that waste handling areas and collection points are kept clean and free from contamination. The hospital has invested in facilities and procedures to ensure safe segregation, disposal, and treatment of health care and general waste. Color-coded bins and liners have been distributed across hospital departments to promote proper segregation of infectious, non-infectious, sharps, and recyclable waste. A dedicated placenta pit has been constructed for the safe disposal of anatomical and pathological waste, in line with health and environmental standards. Incinerators/burning chambers are in place to manage infectious and hazardous waste, reducing risks of disease transmission. An ash pit is provided for the safe disposal of residue from incinerated waste, minimizing environmental contamination.

Monitoring of environmental and waste management practices in Sagana Sub-County Hospital is conducted through structured internal audits. These audits are carried out to assess compliance with waste segregation protocols across departments, evaluate the condition and functionality of disposal facilities such as placenta pits, burning chambers, ash pits, and waste bins, ensure adherence to occupational health and safety standards by staff handling health-care waste. Oversight of these audits is provided by the Infection Prevention and Control (IPC) Committee, which plays a critical role in enforcing best practices. The committee regularly reviews audit findings, identifies gaps, and recommends corrective measures to enhance compliance with national environmental health regulations and hospital waste management guidelines.

Sagana Sub County Hospital complies with national environmental health regulations, as guided by the Ministry of Health and the National Environment Management Authority. Waste management practices are monitored and documented, and inspections by relevant authorities ensure adherence to environmental laws.

The hospital has taken steps to improve energy efficiency through the gradual introduction of energy-saving devices such as LED lighting.

Efforts to ensure sustainable water management include routine plumbing checks to minimize leakages and wastage and installation of storage tanks to secure water supply during shortages.

Employee welfare

Sagana Sub County hospital recognizes that motivated and engaged employees are centre to effective service delivery. To enhance engagement with the employees the facility has regular staff meetings whereby platforms are provided for open communication, where staff can raise concerns and share suggestions.

Sagana Sub-County Hospital carries out annual performance appraisals in line with the Public Service Performance Management framework. These reviews evaluate employee productivity against set targets and identify training and capacity-building needs.

The hospital invests in continuous professional development through on job trainings on clinical care, data management, infection prevention and use of digital health systems by partnering with the Ministry of Health and other stakeholders by conducting workshops and seminars.

The hospital has made efforts to balance work schedules and avoid burnout, especially for critical departments. Access to clean drinking water and hygienic sanitation facilities are provided for staff use. Informal peer to peer support among staff is encouraged, creating a sense of teamwork. Employees are provided with PPEs and safety gear to safeguard their health and safety, especially during waste handling and patient care.

At Sagana Sub-County Hospital, succession planning is not implemented at the facility level. This process is spearheaded by the County Department of Health in collaboration with the County Public Service Board (CPSB), in line with Public Service Commission guidelines.

The hospital complies with the Occupational Safety and Health Act (OSHA) 2007 by ensuring the availability of PPEs for staff handling hazardous materials, training staff on safety procedures, fire drills, and emergency preparedness and ensuring Infection Prevention and Control (IPC) Committee monitors and enforce workplace safety standards.

Market place practices-

Sagana Sub County Hospital has implemented several measures to safeguard and protect patients' rights and interests. The facility displays the patients' rights charter prominently in key areas. It upholds a strict non-discrimination policy, ensuring services are provided equitably regardless of gender, age, ethnicity, or socio-economic status. To enhance awareness, the hospital provides health talks and distributes patient information materials outlining rights and responsibilities. Additionally, a robust complaint redress

mechanism is in place, supported by a dedicated GRM Committee, which manages multiple feedback channels such as suggestion boxes and the front desk to ensure timely resolution of concerns.

To ensure patients receive appropriate care and treatment while minimizing medical errors, Sagana Sub County Hospital implements comprehensive clinical governance measures. All services adhere to MOH-approved clinical guidelines and standard operating procedures, including protocols for triage, maternal care, and emergency management.

The facility has established robust Infection Prevention and Control (IPC) practices to minimize the risk of healthcare-associated infections. An IPC Committee oversees implementation and regularly audits compliance with set standards. The hospital enforces a hand hygiene program with alcohol-based hand rubs available at points of care and continuous staff training. Waste is managed through a color-coded segregation system and proper disposal method is observed. Sterilization of instruments is carried out using functional autoclaves monitored with biological and chemical indicators to ensure effectiveness. Additionally, environmental cleaning follows strict SOPs, particularly in high-risk zones, with isolation protocols implemented where necessary to prevent cross-contamination.

The facility ensures accurate and reliable medical records through a structured health information system. Each patient is assigned a unique medical record number for proper identification and traceability. In the year under review, the hospital operated a hybrid system combining electronic medical records and paper files, using standardized forms to maintain consistency. To uphold data integrity, routine data quality audits were conducted to check for completeness, accuracy, and timeliness of entries. Access to patient information is strictly controlled through a role-based system, allowing only authorized personnel to handle sensitive medical data in compliance with confidentiality requirements.

The facility uses distilled water for all clinical and laboratory purposes to ensure safety and quality. While the facility does not perform routine bacteriological testing of piped water, the use of distilled water minimizes the risk of contamination and supports infection prevention measures. Regular checks are carried out to ensure the integrity and availability of distilled water for essential services.

The facility enforces strict inspection procedures for all incoming supplies, including food items, pharmaceuticals, and non-pharmaceutical products. Deliveries are verified against delivery notes to confirm accuracy in quantity and specifications. Inspections include checks for batch numbers, expiry dates, and compliance with KEBS and Pharmacy and Poisons Board standards where applicable. For cold-chain items such as vaccines and perishable food, temperature logs are reviewed to ensure proper storage conditions during transit. These measures guarantee that only safe, high-quality, and compliant products are accepted for use within the facility.

The hospital complies with Kenya's Data Protection Act (2019) which enforces privacy and confidentiality of patient medical information. Access to electronic medical records is role-based, while physical files are kept in secure, restricted areas. Regular backups for all electronic medical records are saved on cloud storage systems. This ensures continuity of care and protects against data loss.

The hospital adheres to county procurement processes under the Public Procurement and Asset Disposal Act (2015), and works with the county to ensure supplier accountability and quality standards.

To ensure an uninterrupted supply chain, the facility uses inventory control measures such as maintaining minimum and maximum stock levels and updating bin cards regularly. Critical items are stocked with a buffer of one to three months to prevent shortages. Monitoring tools, including the KEMSA portal and the electronic Logistics Management Information System are utilized to track stock status and manage timely replenishment.

Corporate Social Responsibility / Community Engagements

On 25th December 2024, 10 postnatal mothers who were admitted at Sagana Sub County Hospital were gifted with maternity packs as part of our commitment to improving maternal and newborn health. Each pack contained a baby basin, a baby shawl, diapers, a pair of baby socks and a cap for the newborn. The package created a joyful and celebratory atmosphere in the maternity on Christmas day.



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 mission of the hospital is to provide quality, affordable, efficient and effective health care services. The vision of the hospital is to be a centre of excellence in high quality and affordable health care service delivery to all. The core values of the hospital are professionalism, dignity, respect, courtesy and accountability.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 9

Hospital Committee

The members of the committee who served during the year are shown on page xv.

Auditors

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

By Order of the Committee

.....
Name

Secretary to the Committee



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

The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* 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 *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 17/11/2025 and signed on its behalf by:

.....
Name:
Chairperson
Hospital Management Committee

.....
Name:
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SAGANA SUB - COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KIRINYAGA

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 Sagana Sub-County Level 4 Hospital set out on pages 1 to 61, which comprise of the statement of financial

Report of the Auditor-General on Sagana Sub - County Level 4 Hospital for the year ended 30 June, 2025 - County Government of Kirinyaga

performance the statement of financial position as at 30 June, 2025 and the statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sagana Sub-County Level IV Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the the County Governments Act, 2012 , the Health Act, 2017 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

Inaccuracies in the Opening Cash and Cash Equivalents

Review of the financial statements provided for audit revealed that, Kshs 57,939 had been presented as the opening accumulated surplus in the statement of changes in net assets which also represents the opening balance for cash and cash equivalents. However, this balance is not reflected in the statement of financial position under current assets – cash and cash equivalents, where the opening cash position should be reported. The amount is also not reflected in the cash and cash equivalents in the disclosure Note to the financial statements. Further, although the same amount has been disclosed as accumulated surplus, it is not reflected under the capital fund, resulting in inconsistent presentation of opening balances across the financial statements. This inconsistency results in an incomplete presentation of the Hospital's cash position and accumulated surplus.

In the circumstances, the accuracy and completeness of the respective financial statement components could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount for the year ended 30 June, 2025 reflects final receipts budget of Kshs 15,315,611 against actual operational

Report of the Auditor-General on Sagana Sub - County Level 4 Hospital for the year ended 30 June, 2025 - County Government of Kirinyaga

expenditure of Kshs. 11,727,421 resulting into an under absorption of Kshs 3,588,190 which could hinder the implementation of the programs and activities planned for by the hospital.

My opinion is not modified in respect of this matters.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Operational Autonomy

Review of the financial reports provided for audit revealed that amounts relating to salaries/wages and pharmaceutical supplies could not be independently verified, as documentation and payroll records are maintained by the County Government rather than the Hospital. Further, critical functions such as human resource management, financial

management, and internal audit remain centralized at the County Government level, limiting the Hospital's ability to effectively manage and account for its resources. In addition, the Hospital does not have an approved organogram or staff establishment, contrary to good governance and accountability requirements.

In the circumstances, the current arrangement undermines accountability and transparency in reporting and may hinder the Hospital's ability to plan and implement its operations effectively.

2. Expired Pharmaceutical Commodities held in Store

The statement of financial position reflects inventory balance of Kshs.7,329,902 as disclosed in Note 31 to the financial statements. Audit review of records and physical verification at the Hospital revealed that the inventory balance included expired pharmaceutical products of undetermined value which had been held in store for periods exceeding the allowable limit. This was contrary to the provisions of Part VI (42) of National Environmental Management Authority (NEMA) Regulations, 2016 which states that no person shall store biomedical waste above 0° C for more than seven days without the written approval of the relevant lead agency, provided that untreated pathological waste shall be disposed of within 48 hours.

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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of an Approved Disaster Recovery Plan

The Hospital operated an Information Technology (IT) system (Check health Information System) for capturing, storing and processing revenue from rendering services. In

addition, the Hospital is responsible for custody of sensitive medical data of patients seeking its services alongside other operational data such as pharmaceutical and non-pharmaceutical inventory management activities. However, the Hospital did not have information back up, an approved IT continuity plan and disaster recovery plan.

In the circumstances, the effectiveness of disaster management could not be confirmed.

2. Lack of Approved Policy and Criteria for Patient Bill Waivers and Irregular Waivers of Patient Bills

Audit review revealed that the Hospital waived patients' bills amounting to Kshs.261,275 during the year. The waivers were based on assessments conducted by a designated officer who used personal judgment to determine whether a patient qualified as needy. The assessment reports were subsequently approved by a hospital committee that granted the waivers. However, the Hospital did not have a written or approved policy or documented criteria to guide the assessment and approval process. In the absence of an approved policy or formal criteria for granting waivers, the audit team could not confirm the fairness, consistency, and propriety of patient bill waivers amounting to Kshs.261,275.

In the circumstances, this situation exposes the hospital to risks of revenue loss and non-compliance with public finance management principles.

3. Weaknesses in Inventory Management and Reporting

The statement of financial position reflects inventory amounting to Kshs.7,329,902 as disclosed in Note 31 to the financial statements. Audit review of the inventory records for the Hospital revealed significant weaknesses in inventory maintenance and control. The balances recorded in the inventory ledger did not reconcile with the amounts disclosed in the financial statements. In addition, there was no evidence to confirm that a physical stock count was conducted at year-end, as no stock-taking sheets or reports were availed for audit review. The laboratory department did not maintain up-to-date bin cards, and the same officer was responsible for receiving and issuing pharmaceutical supplies both in the main store and pharmacy, thereby compromising segregation of duties. Further, the Hospital had expired pharmaceutical products of undetermined value still held in the store.

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

4. Lack of an Internal Audit Function

Interviews conducted with the Management of the Hospital confirmed non-existence of an internal audit function that is required to check the financial records and issue reports regularly. The Hospital depended on the internal audit staff from the county executive. However, the Management did not provide internal audit reports posing doubt on the active and regular checks on the financial records of the Hospital.

In the circumstances, the existence and effectiveness of assurance of internal control system and risk management 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 Hospital Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

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

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

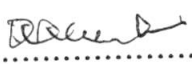
Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	83,176,484	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		83,176,484	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	21,638,377	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		21,638,377	-
Total revenue		104,814,861	-
Expenses			
Medical/Clinical costs	15	23,372,865	-
Employee costs	16	64,386,852	-
Board of Management Expenses	17	98,000	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	-	-
Grants and subsidies	20	-	-
General expenses	21	7,046,189	-
Finance costs	22	-	-
Total expenses		94,903,906	-
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-

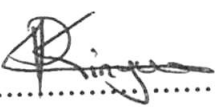
*Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

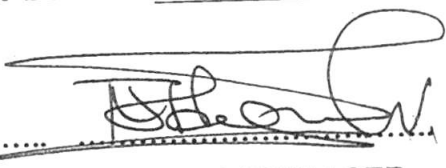
Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Medical services contracts Gains/Losses	25	(261,275)	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		9,649,681	-

(The notes set out on pages 10 to 60 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


.....
Accountant
ICPAK No: 18247


.....
HOSPITAL MANAGER



*Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	3,588,190	-
Prepayments	28	-	-
Receivables from exchange transactions	29	6,119,430	-
Receivables from non-exchange transactions	30	-	-
Inventories	31	7,329,902	-
Total Current Assets		17,037,522	-
Non-current assets			
Property, plant, and equipment	32	-	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		-	-
Total assets (A)		17,037,522	-
Liabilities			
Current liabilities			
Trade and other payables	36	-	-
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		-	-
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

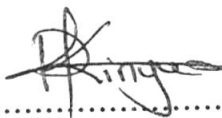
*Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

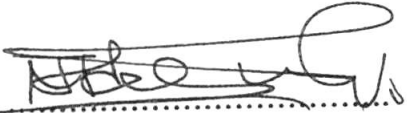
Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		-	-
Net assets (A-B)		17,037,522	-
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		17,037,522	-
Capital Fund		-	-
Net Assets		17,037,522	-

(The notes on pages 10 to 60 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
Hospital Management
Committee**


.....
Accountant
ICPAK No: 18247


.....
Hospital manager



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

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

	Revaluation Gains	Accumulated Depreciation		
As at July 1, 20203	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	-	-	-
At July 1, 2024	-	57,939	-	57,939
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,649,681	-	9,649,681
Capital/Development grants	-	-	-	-
At June 30, 2025	-	9,707,620	-	9,707,620

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

Description	2025	Kshs	
		2025	2024
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		15,257,672	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		15,257,672	-
Payments			
Medical/Clinical costs		3,701,520	-
Employee costs		881,712	-
Board of Management Expenses		98,000	-
Repairs and maintenance		-	-
Grants and subsidies		-	-
General expenses		7,046,189	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		11,727,421	-
Net cash flows from operating activities	43	3,530,251	-
Cash flows from investing activities			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

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

Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,530,251	-
Cash and cash equivalents as at 1 July	27	57,939	-
Cash and cash equivalents as at 30 June	27	3,588,190	-

5. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	B	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	57,939	57,939	57,939	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	15,257,672	-	15,257,672	15,257,672	-	%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	%
Total receipts	15,257,672	57,939	15,315,611	15,315,611	-	%
Payments						
Medical/Clinical costs	3,701,520	-	3,701,520	3,701,520	-	%
Employee costs	881,712	-	881,712	881,712	-	%
Remuneration of directors	98,000	-	98,000	98,000	-	%
Repairs and maintenance	-	-	-	-	-	%
Grants and subsidies	-	-	-	-	-	%
General expenses	10,576,440	57,939	10,634,379	7,046,189	3,588,190	66.2%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	15,257,672	57,939	15,315,611	11,727,421	3,588,190	
Capital Expenditure paid	-	-	-	-	-	%
Surplus	-	-	-	3,588,190	-	76.7%

*Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Budget notes

1.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	3,588,190
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	3,588,190

6. Notes to the Financial Statements

1. General Information

Sagana Sub County Level 4 Hospital is established under gazette notice number Vol.CXX-No.81. The entity is wholly owned by the Kirinyaga County Government and is domiciled in Kirinyaga County in Kenya. The principal mission of the hospital is to provide quality, affordable, efficient and effective health care services. The vision of the hospital is to be a centre of excellence in high quality and affordable health care service delivery to all. The core values of the hospital are professionalism, dignity, respect, courtesy and accountability.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. 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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

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

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</p>

Standard	Effective date and impact:
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by County Assembly on *July 2025*. 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 *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

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

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages	63,505,140	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies	19,671,344	-
Utility bills	-	-
Total grants in kind	83,176,484	-

8. Grants From Donors and Development Partners

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

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Lab	2,341,563	-
Pharmacy	2,553,995	-
Medical Rec	2,004,530	-
Out-Patient	493,105	-
Occ Therapy	33,210	-
Mch/Fp Services	202,670	-
Ambulance	258,500	-
Dressing & Non Pharms	51,380	-
Male Medical	75,100	-
Female Ward	133,400	-
Physiotherapy	300,600	-
Casualty	127,390	-
Paediatric Ward	128,200	-
Mopc	82,400	-
Social Work	20,100	-
Dental	40,950	-
Anc	123,400	-
Public Health	545,400	-
Maternity	558,750	-
Nutrition	2000	-
Other medical services income- insurance claims	11,561,734	-
Total revenue from the rendering of services	21,638,377	-

LAB
PHARMACY
MEDICAL REC

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OUT-PATIENT
OCC THERAPY
MCH/FP SERVICES
AMBULANCE
DRESSING &NON PHARMS
MALE MEDICAL
FEMALE WARD
PHYSIOTHERAPY
CASUALTY
PAEDIATRIC WARD
MOPC
SOCIAL WORK
DENTAL
ANC
PUBLIC HEALTH
MATERNITY
NUTRITION

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	913,167	-
Public health activities	-	-
Food and Ration	3,701,520	-
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	6,245,932	-
Pharmaceutical supplies	11,386,629	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	1,125,617	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	23,372,865	-

16. Employee Costs

Description	Insert Current FY	FY 2023/2024
	Kshs	Kshs
Salaries and allowances	63,505,140	-
Wages	881,712	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	64,386,852	-

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	98,000	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	98,000	-

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	-	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	-	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	23,632	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	320,000	-
Fuel and Lubricants	-	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	-	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	3,449,650	-
Hire charges	-	-

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Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Rent expenses	-	-
Water and sewerage costs	300,000	-
Skills development levies	-	-
Telephone and mobile phone services	-	-
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Transfer to CRF	1,429,591	-
Transfer to CHMT	1,523,316	-
Total General Expenses	7,046,189	-

22. Finance Costs

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs

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Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	261,275	-
Total Gain/Loss	261,275	-

26. Impairment Loss

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	3,588,190	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	3,588,190	-

Notes to the Financial Statements (Continued)

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1224817109	599,642	-
Equity Bank	0420285555270	1,049,011	-
Equity Bank	0420285555263	1,939,537	-
Sub- total		3,588,190	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)		-	-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
			-
Grand total		3,588,190	-

28. Prepayments

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

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

29. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	6,119,430	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	6,119,430	-

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	5,128,430	83.8%	-	-
Between 1- 2 years	991,000	16.2%	-	-
Between 2-3 years	-	%	-	-
Over 3 years	-	%	-	-
Total (a+b)	6,119,430	100%	-	-

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables From Non-Exchange Transactions

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

¶ Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	3,733,337	-
Non-Pharmaceutical supplies	2,265,098	-
Laboratory supplies	1,331,467	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	7,329,902	-

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Detailed disclosure on inventories

	EY 2024/2025	EY 2023/2024
Opening balance	6,442,629	-
Additional Inventory in the year	29,856,809	-
Inventory expensed in the year	28,969,536	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	7,329,902	-

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
At 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	-	-	-	-	-	-
Depreciation and impairment									
At 1 July 2023		-	-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (Specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2024		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2024		-	-	-	-	-	-	-	-
Net book values									
At 30 th Jun 2024	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025	-	-	-	-	-	-	-	-	-

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Notes to the Financial Statements (Continued)

34. Biological Assets

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

35. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	-		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	-		-	
Ageing analysis:	FY 2024/2025	% of the Total	FY 2023/2024	% of the total
Under one year	5	%	24	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

36. Refundable Deposits from Customers/Patients

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

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

37. Provisions

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

38. Finance Lease Obligation

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

39. Deferred Income

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Total	-	-
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Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

Description	Government Grants	Grants from Donors	Grants from Donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

40. Borrowings

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

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

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

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Notes to the Financial Statements (Continued)

41. Service Concession Arrangements

Description	FY 2023/2025	FY 2022/2024
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

42. Cash Generated from Operations

Description	FY 2023/2025	FY 2022/2024
Surplus for the year before tax	3,530,251	-
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	3,530,251	-

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Partially impaired	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	991,000	991,000	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	57,939	57,939	-	-
Total	1,048,939	1,048,939	-	-
At 30 June 2025				
Receivables from exchange transactions	5,128,430	5,128,430	-	-

Sagana Sub County Level 4 Hospital (Kirinyaga County Government)
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Receivables from –non-exchange transactions	-	-	-	-
Bank balances	3,588,190	3,588,190	-	-
Total	8,716,620	8,716,620	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on any amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in exchange rate Kshs	Effect on Profit before tax Kshs	Effect on profit Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2025			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-	-

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

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

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Direct Expenses		
Total	-	-
	-	-
d) Key management compensation	-	-
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
Total	-	-

45. Segment Information

46. Contingent Liabilities

Contingent Liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

47. Capital Commitments

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

7. Appendices

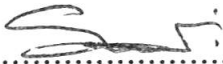
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Implementation date / period

Guidance Notes:

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


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Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by (Insert name of beneficiary Entity) as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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.....

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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		

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure Item	Amount (K shs)	Comments

